SEE FOLLOWING NOTE

VOIR NOTE CI-APRÈS

PARTS OF THE ORIGINAL DOCUMENT ARE OF POOR REPRODUCTIVE QUALITY.

MICROMEDIA LIMITED HAS ATTEMPTED TO PRODUCE THE BEST POSSIBLE COPY.

CERTAINES PARTIES DU DOCUMENT ORIGINAL SONT DE PIÈTRE QUALITÈ DE REPRODUCTION.

MICROMEDIA LTEE A ESSAYEE DE PROCURER LE MEILLEUR EXEMPLAIRE POSSIBLE.

WORKERS COMPENSATION BOARD OF MANITOBA
1991 STATISTICS

92-07574/

Table of Contents

ACCIDENTS & CLAIMS STATISTICS

Accidents Reported/1981-1991 ____ 1

Claims Settled/1981-1991 ____ 1

FIGURES

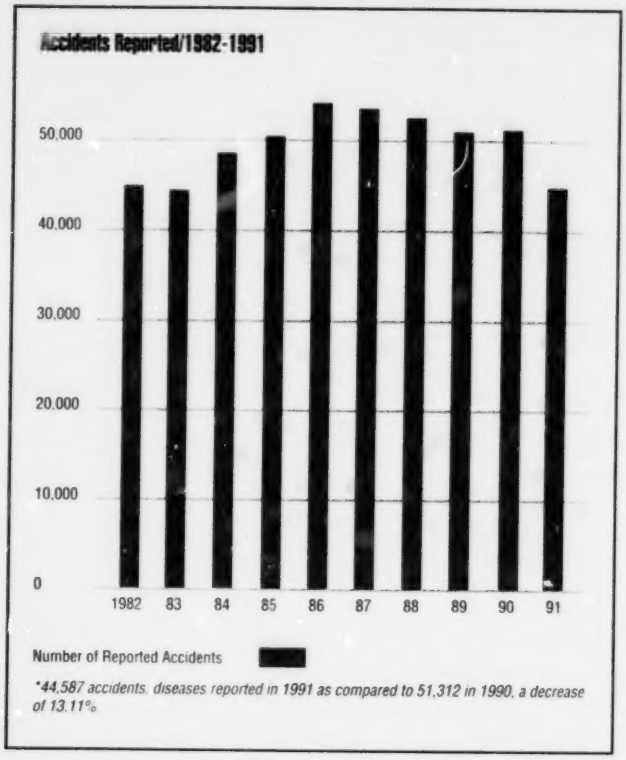
1. Percentages for Accidents Reported by Class ____ 1
2. Nature of Injuries According to Highest Percentages ____ 2
3. Region of Body Injured ____ 2
4. Cause of Accident ____ 3
5. 1991 Timeloss Accidents by Source of Injury ____ 3
6. Month of Occurrence ____ 4
7. Number of Days Between Board Notification and Claim Adjudication ____ 4
8. 1991 Timeloss Accidents by Occupation Grouping ____ 5

TABLES

1. Accidents Reported in 1991 by Class ____ 6
2. Compensable Accidents Settled by Class — 1991 ____ 6
3. Compensable Accidents Settled by Class — 1991 ____ 7
4. Accidents Settled and Reported — 1979-1991 ____ 9
5. Fatality Claims Processed in 1991 ____ 9
6. Division of Class E Employers Detailed ____ 9
7. Payroll Statements for 1990 ____ 11
8. Class "E" Employers Assessment Statistics 1980-1991 ____ 11
9. Special Coverages by Application - Approved 1991 ____ 12
10. Average Duration of Settled Claims by Accident Year ____ 12

(Statistics in this booklet have been compliled by the Information Services Division of the Workers Compensation Board of Manitoba.)

Accidents & Claims Statistics



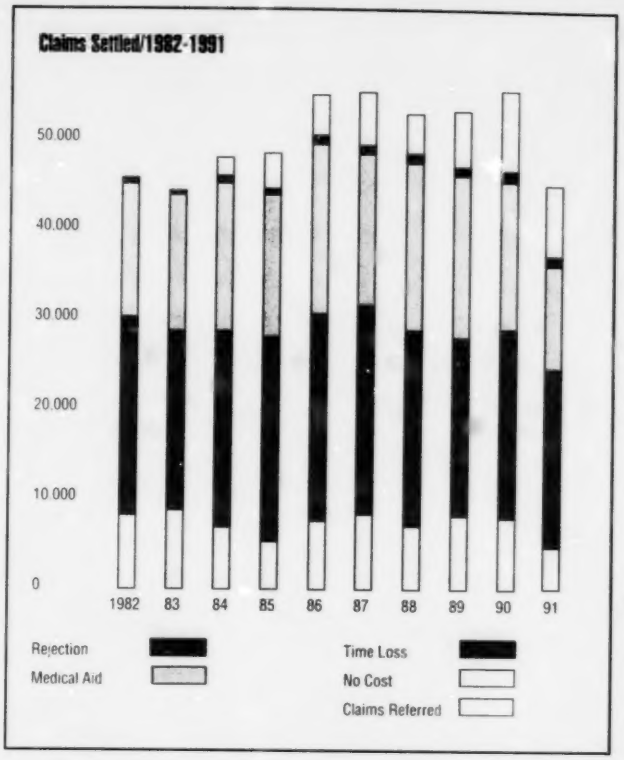


FIGURE 1

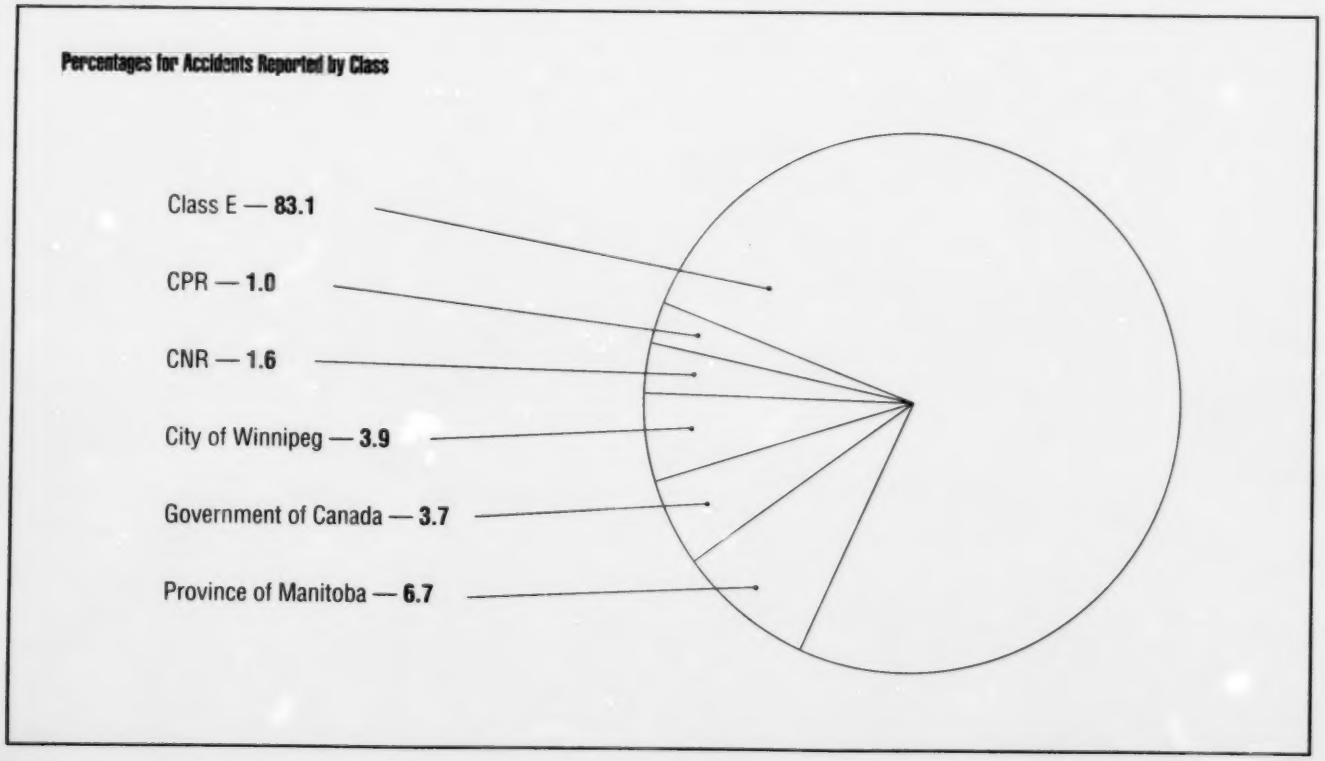

Percentages for Accidents Reported by Class
Class E — 83.1
CPR — 1.0
CNR — 1.6
City of Winnipeg — 3.9
Government of Canada — 3.7
Province of Manitoba — 6.7

FIGURE 2

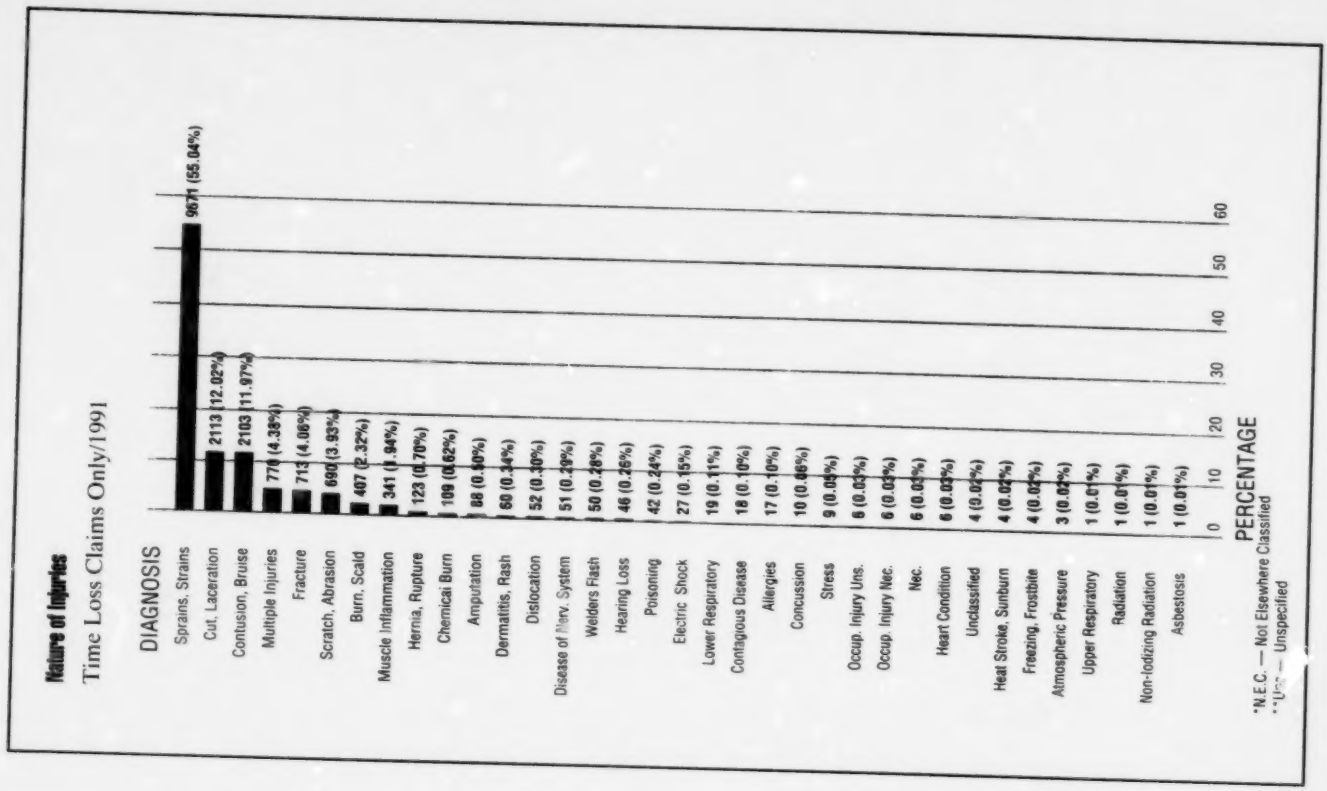
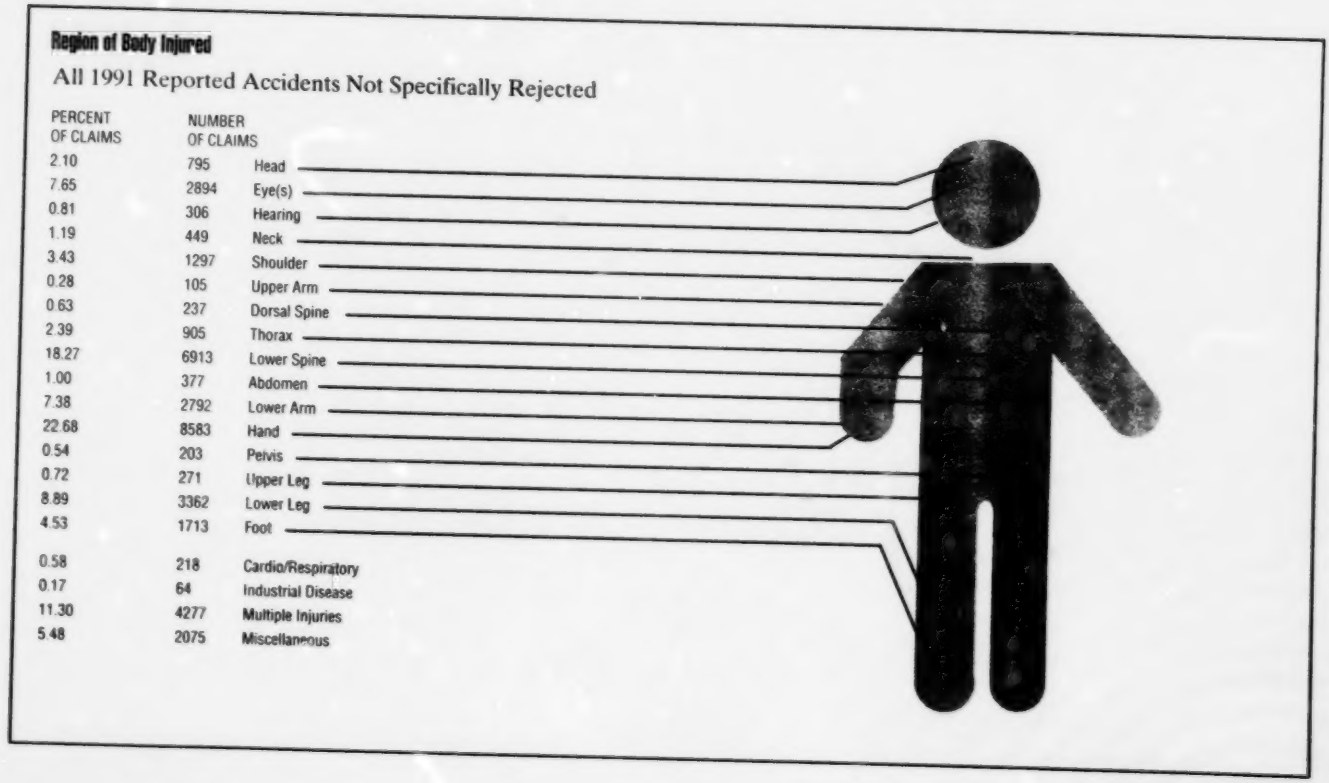
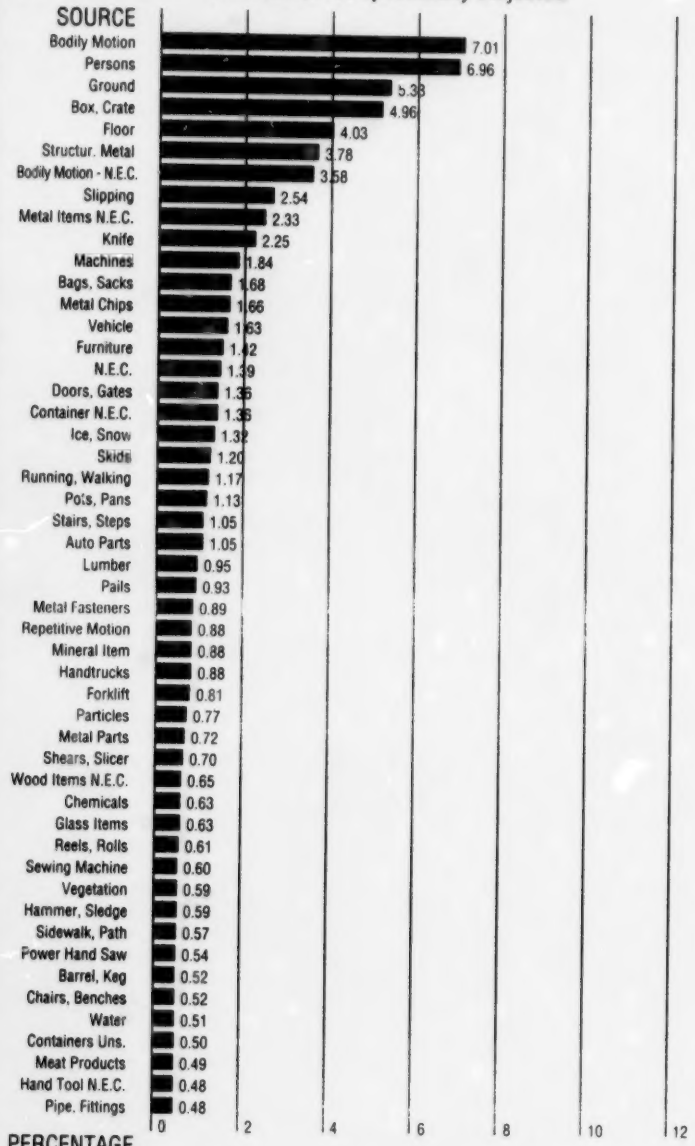


FIGURE 3



1991 Timeloss Accidents by Source of Injury

All 1991 Timeloss Accidents, Not Specifically Rejected



*N.E.C. — Not Elsewhere Classified
**Uns. — Unspecified

FIGURE 5

Cause of Accident

Time Loss Accidents/1991

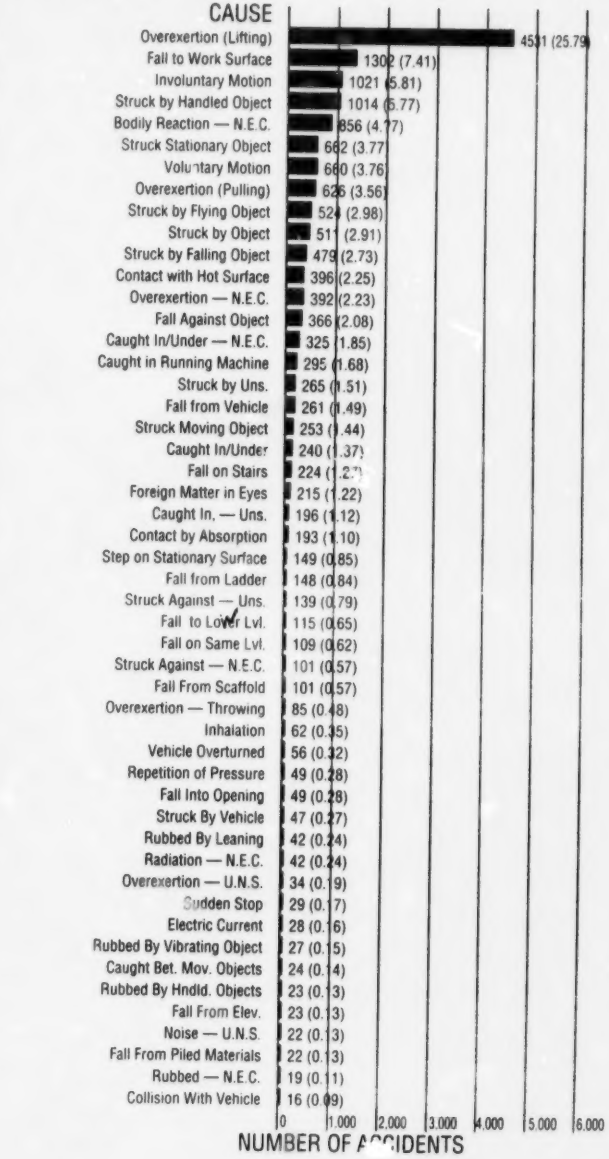

CAUSE
Overexertion (Lifting) 4531 (25.79)
Fall to Work Surface 1302 (7.41)
Involuntary Motion 1021 (5.81)
Struck by Handled Object 1014 (5.77)
Bodily Reaction — N.E.C. 856 (4.77)
Struck Stationary Object 662 (3.77)
Voluntary Motion 660 (3.76)
Overexertion (Pulling) 626 (3.56)
Struck by Flying Object 524 (2.98)
Struck by Object 511 (2.91)
Struck by Falling Object 479 (2.73)
Contact with Hot Surface 396 (2.25)
Overexertion — N.E.C. 392 (2.23)
Fall Against Object 366 (2.08)
Caught In/Under — N.E.C. 325 (1.85)
Caught in Running Machine 295 (1.68)
Struck by Uns. 265 (1.51)
Fall from Vehicle 261 (1.49)
Struck Moving Object 253 (1.44)
Caught In/Under 240 (1.37)
Fall on Stairs 224 (1.27)
Foreign Matter in Eyes 215 (1.22)
Caught In, — Uns. 196 (1.12)
Contact by Absorption 193 (1.10)
Step on Stationary Surface 149 (0.85)
Fall from Ladder 148 (0.84)
Struck Against — Uns. 139 (0.79)
Fall to Lower Lvl. 115 (0.65)
Fall on Same Lvl. 109 (0.62)
Struck Against — N.E.C. 101 (0.57)
Fall From Scaffold 101 (0.57)
Overexertion — Throwing 85 (0.48)
Inhalation 62 (0.35)
Vehicle Overturned 56 (0.32)
Repetition of Pressure 49 (0.28)
Fall Into Opening 49 (0.28)
Struck By Vehicle 47 (0.27)
Rubbed By Leaning 42 (0.24)
Radiation — N.E.C. 42 (0.24)
Overexertion — U.N.S. 34 (0.19)
Sudden Stop 29 (0.17)
Electric Current 28 (0.16)
Rubbed By Vibrating Object 27 (0.15)
Caught Bet. Mov. Objects 24 (0.14)
Rubbed By Hndld. Objects 23 (0.13)
Fall From Elev. 23 (0.13)
Noise — U.N.S. 22 (0.13)
Fall From Piled Materials 22 (0.13)
Rubbed — N.E.C. 19 (0.11)
Collision With Vehicle 16 (0.09)
0 1.000 2.000 3.000 4.000 5.000 6.000
NUMBER OF ACCIDENTS

FIGURE 4

FIGURE 5 (Continued)

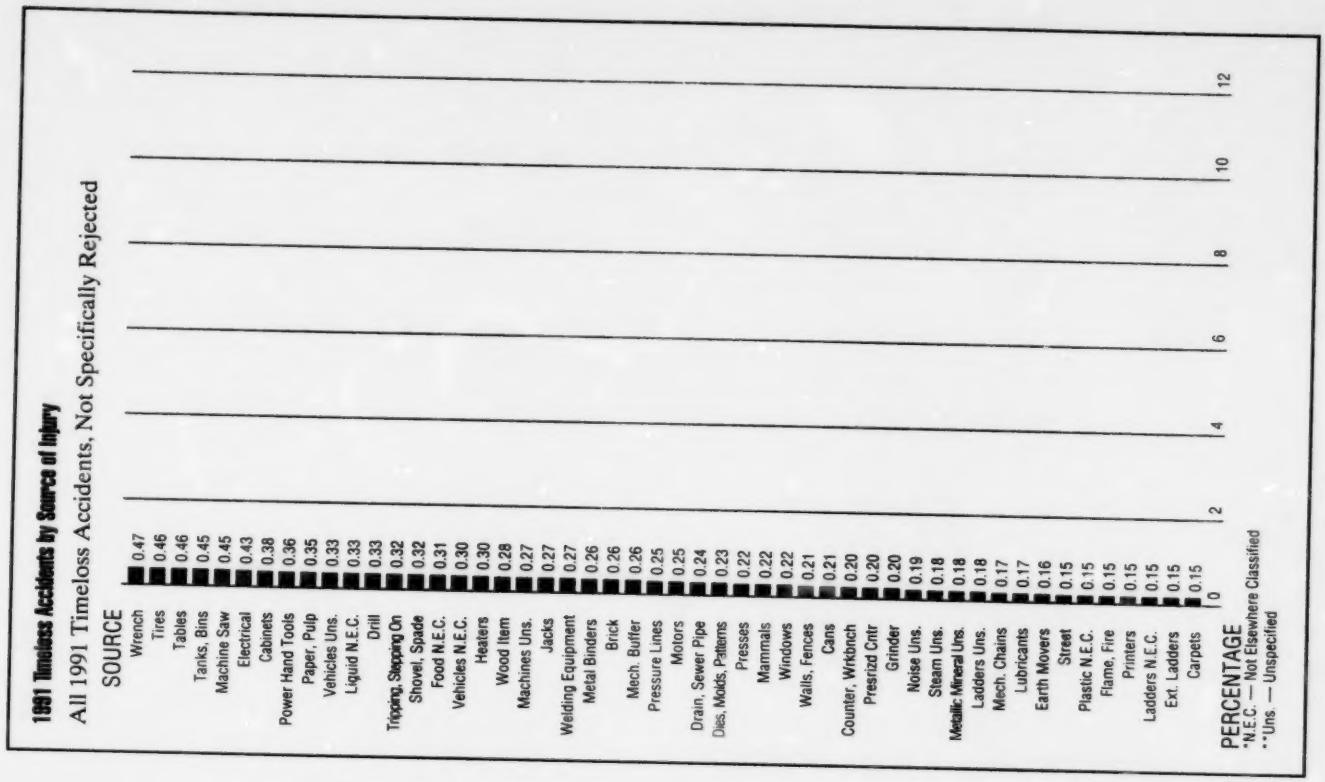


FIGURE 6

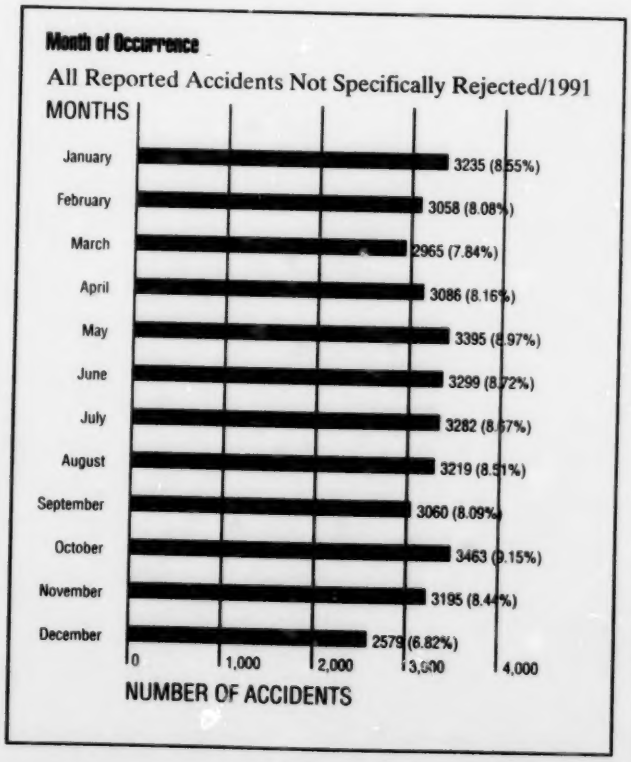
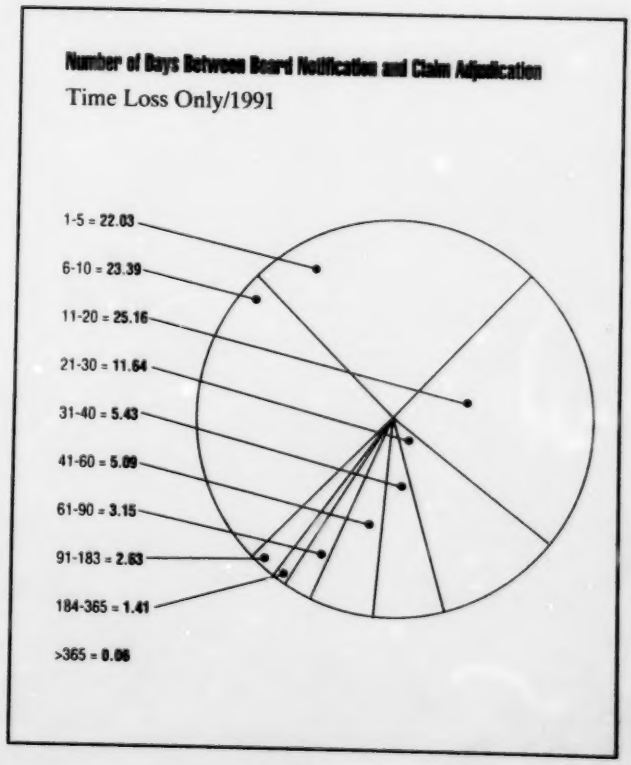
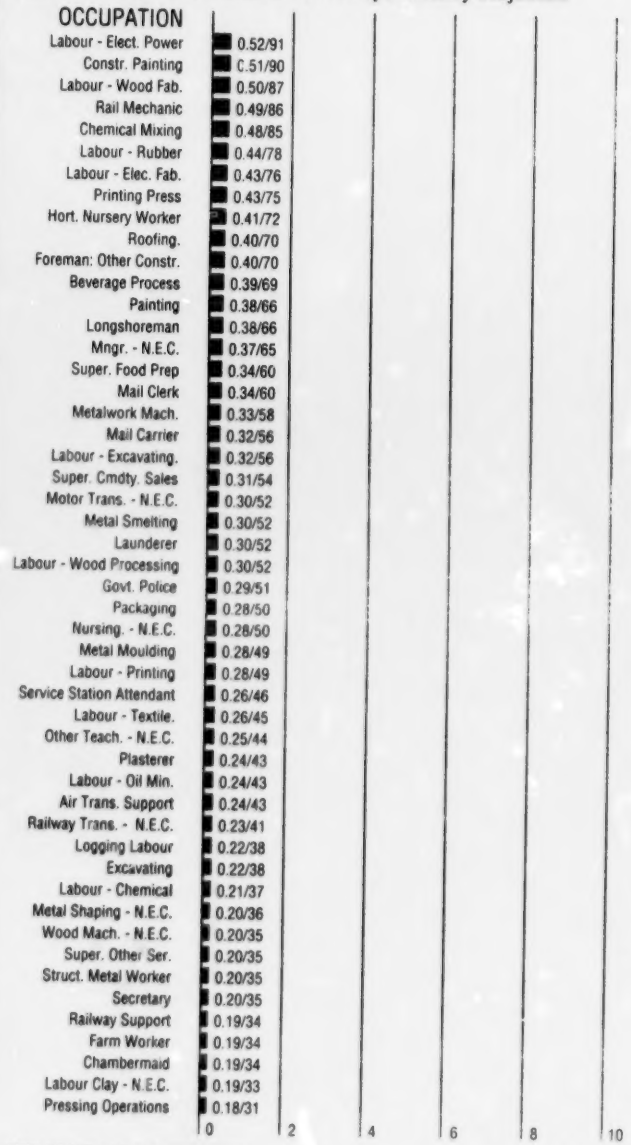


FIGURE 7



1991 Timeloss Accidents by Occupation Grouping

All 1991 Timeloss Accidents, Not Specifically Rejected

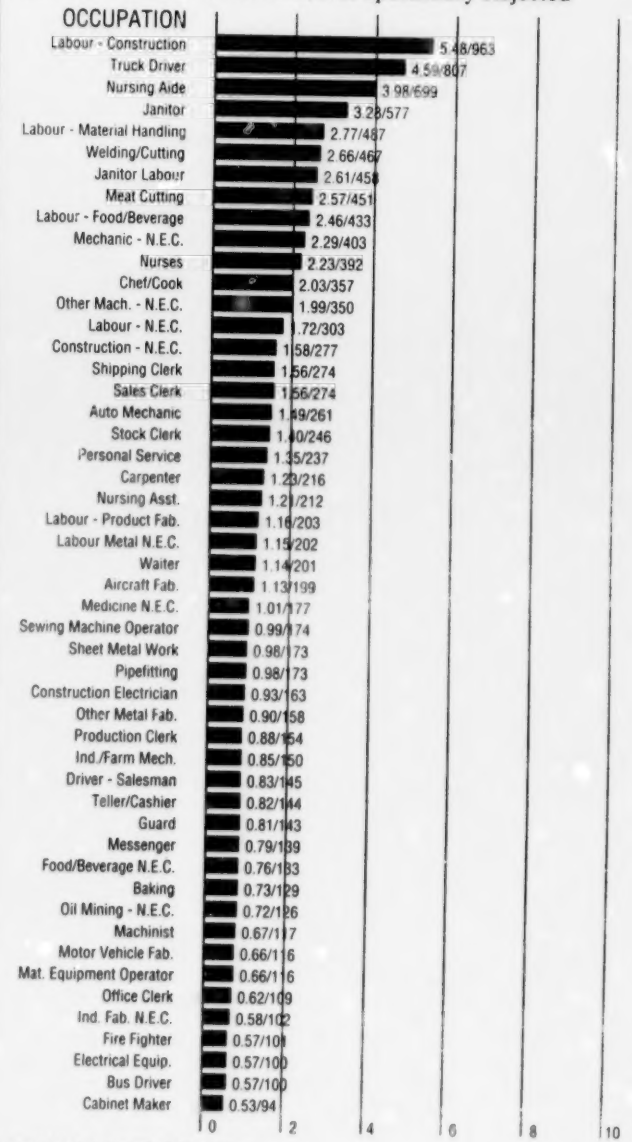


*N.E.C. — Not Elsewhere Classified

FIGURE 8 (Continued)

1991 Timeloss Accidents by Occupation Grouping

All 1991 Timeloss Accidents, Not Specifically Rejected



*N.E.C. — Not Elsewhere Classified

FIGURE 8

TABLE 1

Accidents Reported in 1991 by Class

CLASS	1991	Fatalities	1990	Fatalities
[redacted]				
Total	44,587	32	51,312	35

*"Reported" Accidents means reported during 1991, whether occurring in 1991 or previous years.

TABLE 2

Compensable Accidents Settled* by Class — 1991

Under the Manitoba Act:	No Cost Claims	Medical Aid Only	Time Loss Cases: Number of Cases: Temporary Disability	Permanent Disability	Fatality	Total	Average Days*** Loss Per Accident: 1991	1990	Temporary Disability: Average Weekly Wage	Average Age
[redacted]										
Manitoba Act Total	5,077	11,831	17,606	526	8	18,140				
Under the Canada Act:										
[redacted]										
Grand Total	5,326	12,317	18,271	543	8	18,822	35.4	33.5	476	36

*"Settled" Accidents means those claims closed and not rejected between January 1 and December 31, 1991, whether the accidents occurred in 1991 or prior years.
** For listing of divisions of Class "E" Employers see Table VII. For detailed listing of Class "E" Accidents Settled see Table III.
*** Average days of compensation and rehabilitation time loss for claims settled in 1991 and includes prior years. The average has increased for 1991, reflecting the higher proportion of long term claims successfully concluded. See Table 10.

TABLE 3

Compensable Accidents Settled by Class* — 1991

General Body of Employers — Class "E"

Group	Rate Code**	Medical Aid Only	Time Loss Cases						
			Number of Cases				Average		
			Temporary Disability	Permanent Disability	Fatality	Total	Days Lost*** per Accident (Temporary Disability)	Weekly Wage	Age
[redacted]									
[redacted]									
[redacted]									
[redacted]									
[redacted]									

* Class "E" Employers refers to all industries set out in Schedule 1 of the Workers Compensation Act.
** Specific rate codes only.
*** Refers to temporary compensation days only.

TABLE 3 / CONTINUED

Compensable Accidents Settled by Class* — 1981

General Body of Employers — Class "E"

Group	Rate Code**	Medical Aid Only	Time Loss Cases						
			Number of Cases				Average		
			Temporary Disability	Permanent Disability	Fatality	Total	Days Lost*** per Accident (Temporary Disability)	Weekly Wage	Age

[redacted]

* Class "E" Employers refers to all industries set out in Schedule 1 of the Workers Compensation Act.
** Specific rate codes only.
*** Refers to temporary compensation days only.

TABLE 4

Accidents Settled* and Reported — 1981-1991**

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
[redacted]											

* Accidents Settled means those claims closed and not rejected between January 1 and December 31 whether the accidents occurred in the year shown or prior years.

** Accidents Reported means those reported during the year whether they occurred in that year or in prior years.

TABLE 5

Fatality Claims Processed in 1991

[redacted]	

*Refers to claims adjudicated during 1991 and includes fatalities reported in previous years.

TABLE 6

Division of Class E Employers Detailed

Category	Group	Category	Group
[redacted]			

TABLE 6 / CONTINUED

Division of Class E Employers Detailed

Category	Group

Category	Group

TABLE 6 / CONTINUED

Division of Class E Employers Detailed

Category	Group	Category	Group

TABLE 7

Payroll Statements for 1990*

Class	

TABLE 9

Special Coverages by Application — Approved 1991

Type	Number	Type	Number
[redacted]			

TABLE 10

Average Duration of Settled Claims by Accident Year

Year of Accident	1991 Avg. Days	1991 % of Days	1990 Avg. Days	1990 % of Days	4 Year Average Avg. Days	4 Year Average % of Days
[redacted]						

** Chart indicates that the average duration of settled claims is relatively consistent except for the increased frequency of long-term claims successfully concluded.*

Further Statistics are available from the Information Services Division of the Workers Compensation Board of Manitoba. Please write to the address below.

WCB Workers Compensation Board of Manitoba

785 Portage Avenue, Winnipeg
Manitoba, Canada R3G 0N2
Telephone: 786-5471
Rural Manitoba call Toll Free: 1-800-362-3340

Printed on Recycled Paper

Serving Since 1917

WORKERS COMPENSATION BOARD OF MANITOBA

Table Of Contents

From the Chairperson 1

Operations Report 7

Board of Directors 18

Appeal Commission 19

Compensation Then and Now 21

Workers Compensation in Manitoba 23

Organizational Chart 25

DIVISIONAL OVERVIEW

Benefits 27

Corporate Secretary 33

Information Services 37

Community Relations and Human Resources 41

Finance and Administration 45

FINANCIAL REPORT

Auditor's Report 47

Financial Statements 48

Notes to Financial Statements 53

Historic photos courtesy of the Provincial Archives of Manitoba

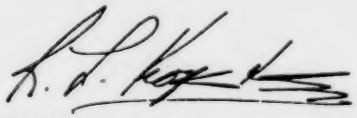
Cover photo: Copper sheathing the roof at the Fort Garry Hotel.

The Honourable Darren Praznik
Minister Responsible for the
Workers Compensation Act
Room 156 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Minister:

We are pleased to present our 1991 Annual Report in accordance with the provisions of The Workers Compensation Act. This report covers the twelve month period from January 1, 1991 to December 31, 1991, and includes a statement of the accounts required to be kept under the Act.

Respectfully submitted,



ROBERT L. KOPSTEIN,
Chairperson

CHAIRPERSON'S MESSAGE

ROBERT L. KOPSTEIN
Chairperson

As my term of appointment in this office expires later this year, this message will be my last opportunity to make a statement in a WCB Annual Report. I have decided, therefore, to use the space allotted to me here for some personal reflections and observations.

When, in the summer of 1989, I was approached to accept a three year appointment to this office, I accepted in the hope that I could assist in bringing about reforms which would see, as their result, a better system of compensation for injured workers. Initially, with little knowledge or understanding of the WCB program, my perception of it was conditioned by negative media attention and by images of a vehicle parked on Portage Avenue or at other downtown locations in Winnipeg, covered with painted protests against the WCB. Quite naively, I thought that given the will to do so, reform should not be a difficult or lengthy task.

Ensconsed in office for only a few months, my illusions were quickly replaced by reality. I arrived on the scene in the late summer of 1989 to find that, not only workers, but employers as well, had been poorly served by the Workers Compensation Board and the system which it managed. The complexity and the seriousness of the board's operational and financial problems, compounded by the unique, sometimes dysfunctional relationship between workers and employers in relation to the governance of the board, the tensions and dynamics of the regime under which the board had functioned and an outdated WCB law, disabused me of my illusions of early or easy solutions to the problems which would have to be resolved in the process toward reform.

At the time of my arrival, I found that two parallel reform initiatives had already commenced; the one being the work of a steering committee for legislative reform, composed of a member of the Minister's staff, the Chief Executive Officer and an external legal consultant. Its function was to propose to the Minister such revisions to the legislation as would enable the board to provide a better compensation system for the 1990's and beyond. Simultaneously, the Chief Executive Officer, senior staff and research personnel of the board were well into an analysis of the weaknesses of the operating system as it then existed and the laying of plans, some of which involved policies which would ultimately be submitted for approval to the Board of Directors, for a co-ordinated restructuring and reform over five years. The two efforts worked in tandem, the latter depending, in part, upon the former.

Two and a half years have passed since I arrived. There have been many structural and organizational changes. Several productive changes were made possible by legislative revisions through which Ministers Responsible for the Workers Compensation Act and the Legislature recognized that the former legislative base, designed for the world of 1916, was neither adequate nor appropriate to meet the realities of the 1990's.

By comparison to the period leading up to the reform initiatives commenced in 1988, the efficiency, the responsibility and the accountability of the board in terms of policy, service and financial management have now improved. That complaints are still to be heard reflects four factors: (1) that the reform process commenced in 1988, to be completed in 1993, is not yet complete; (2) that the board is still, in some respects, less than efficient; (3) that the board may, at times, be wrong; and (4) that the expectations of some workers and employers may be unreasonable or otherwise beyond the board's legal capacity to meet.

In the realm of the latter, the board's legal incapacity to meet the expectations of workers, it is clear to me that there are gaps in the protection provided to workers

under the present concept of workers compensation. Many of those gaps could be addressed, in my opinion, through a jointly funded universal, all-cause workers compensation system which would eliminate the need, the cost and the anguish of having to prove that an injury or disease which results in disability was work-related. Pre-existing conditions would not affect a worker's right to benefits. The question of allocation of costs in the program between the workers' fund and the employers' fund would be determined within the board, but the worker's entitlement to benefits due to disability arising out of an accident or disease, however caused, would be secure. With few limitations, as I envision it, his or her protection against the loss of employment income would depend only on proof of disability due to accident or disease. Elimination of the need to prove work-relatedness, and to negate pre-existing conditions would remove the cause for delay in the processing of many claims and the rejection of some. These legal requirements create a heavy burden upon the shoulders of some workers. As well as the other benefits, all-cause coverage would reduce the costs of adjudication.

Disability due to stress is presently compensable only in very limited circumstances. Occupational diseases are compensable only where it is proved that the occupation was a dominant cause of the disease. A heart attack or other disease which follows a compensable accident during the course of the worker's recovery may prolong the inability to return to work, but compensation would stop when the worker would have been able, otherwise, to return to work. These are a few examples of the gaps and limitations within the present system funded by employers alone. A jointly funded program with, I believe, relatively modest contributions from workers, would open the system to a far better compensation package which could enhance compensability for those causes.

As well, the WCB insures only about 75% of the workers in Manitoba. Though in some industries excluded by the Act, workers are protected by long-term disability plans, a significant number of workers, I am informed, principally those who are not members of organized workers groups, have inadequate protection. Universality would protect all workers. The present system excludes, perhaps, some workers who are very much in need of compensation protection.

While no WCB system, alone, may ever provide to workers who have recovered from injuries, absolute protection from the inability to be re-employed, particularly in times of economic recession; while disputes concerning a worker's ability to return to work after an accident may, at times, occur under any system and may give rise to accusations of unfair treatment, universal all-cause insurance would, in my opinion, address much of the present inability of the board to meet workers' expectations. The expansion of compensation coverage, through a universal all-cause system, need not be restricted to delivery by a government monopoly. To my disappointment, it will not be introduced within my term of office. I am aware, however, that the concept is being explored. In my opinion, there is nothing that is quite so promising as that endeavour.

The Appeal Commission

The independent Appeal Commission of the Workers Compensation Board was created by legislation in 1990. That legislation separated the final level of adjudication, respecting both claims and assessments, from the policy and administrative functions of the board. The last vestige of an inappropriate connection between the Appeal

Commission and the Board of Directors, a practice which is permitted by the Act, of cross-appointments to the Commission and to the Board, was suspended by the present Minister in 1991. The written decisions which issue from the Appeal Commission are characterized, I believe, by objectivity. That this is so is a credit to the Commissioners who hold office, but I have concerns that the perception of Appeal Commissioners' independence may be called into question at any time because of the nature of their appointments.

Appeal Commissioners are appointed under Orders-In-Council. Their terms of office are limited to one year, two years or three years, or in each case, until successors are appointed. Under those terms, their security of tenure is, at best, tenuous. I do not suggest any instance of ministerial pressure upon Commissioners to decide a case in a particular way. I know of no instance, moreover, in which representatives of workers or employers, who make recommendations to the Minister concerning the appointments of Appeal Commissioners, have exerted improper pressures upon them. Nevertheless, it would be a strong person, indeed, who could resist such pressures in the knowledge that his or her tenure could depend upon factors other than appropriate judicial consideration of the cases before him or her. My concern is one of perception. In my opinion, the Government should consider means by which the independence of the Appeal Commissioners can be visibly enhanced.

The Board of Directors

The strength in the concept of a corporate entity, under the model in which the Board of Directors is cast as a result of 1990 legislation, is that Directors, when considering issues before the Board, should owe their first loyalty to the best interests of the WCB, for the long-term benefit of both its major stakeholders. While adopting that ideal requires courage among those appointed as representatives of workers and employers, I believe that all members of the present Board of Directors subscribe to the propriety of that view of their function. Wise ministerial discretion in the selection of future appointments to the Board will continue to recognize the importance of appointing candidates who have the capacity and strength to be objective and to exercise judgment that is independent of attempted directions or undue influences from the constituencies which they represent. It is natural that those constituencies will be dedicated to the enhancement of their own present positions and to the protection of their own present entitlements. The fulfillment of the Director's role requires a broader vision which views the legitimate interests of both constituencies, with equal sympathy and equal respect, and supports that conclusion which best serves overall viability and fairness within the program.

Chairpersons and Public Interest Directors

In my opinion, the ministers responsible for the administration of The Workers Compensation Act, during my term of office, have established important precedents by their appointments of visibly independent individuals to the chairs of the Appeal Commission and the Board of Directors, as well as to the public interest directorships of the Board of Directors. That independence is vital to the integrity of the Appeal Commission. As for the Board of Directors, I believe that the presence and neutrality of visibly non-aligned public interest directors assists materially in promoting a wholesome environment in which the representatives of the major stakeholders can com-

bine to work for overall viability and fairness within the program, and build consensus over sometimes difficult issues. For the sake of the WCB program, I commend those precedents to future ministers.

Public Perception

It has been said that the difficulties of the board during the 1980's were due, in part, to political interference. The perception, I believe, was that the board was subject to political manipulation. I understand that as a result of that perception, the present Government, in 1990, enacted legislation, one of the clear purposes of which was to insulate the board from political interference. Under that legislation, the Board of Directors has authority to make policy decisions. The Chief Executive Officer is hired by the Board of Directors and is responsible to it alone, not to a governmental authority.

The Chief Executive Officer has the sole and exclusive authority to manage and direct the day-to-day administrative affairs of the board as required by the legislation and the policies of the Board of Directors. Adjudicative decisions are subject to review only through the appeal processes set out in the Act and the policy. While the Government and the Minister Responsible for the administration of the Act have important specific powers relating to the WCB, those powers, I believe, do not extend to permit the Minister or the Government to intercede in day-to-day administrative or adjudicative decisions of the WCB, or in the policy decisions of the Board of Directors, unless in respect of the latter, the law requires that a government regulation be passed.

To dispel any lingering public notion from the past that Government or Government members would or could influence board decisions through political pressure, it is important that the public be aware of the allocation of powers to the Board of Directors and to the Chief Executive Officer under the terms of the present legislation.

• • • • • • •

The current economic recession has hurt thousands of workers and employers. The prospects for early recovery do little to buoy our spirits. The economy of the province depending, in part, upon agriculture, suffers the negative effects of subsidy wars between foreign countries. The possibility of failure in reaching a constitutional accord in Canada is unsettling. Some believe they have been hurt by free trade. In that environment, the achievements of the board will be, for many, of little consolation.

There have been achievements, however, major achievements. Some of them are detailed in the following pages. Broadly, however, they have produced fairer, better quality services and a more cost efficient administration. As indicated, the reform effort is not yet concluded. In most categories of the business which the board conducts, however, measurable, often more than modest improvement can be demonstrated. Time reduction in the servicing of claims, fairer rate setting, early notices of assessment, improved mechanisms for the handling of claims, more appropriate assessment procedures, policies that are clear and are published, internal systems for the more efficient management of board business, an improved process of identifying issues and policy alternatives for presentation to the Board of Directors, a reduction in the unfunded liability, reduced rates on average, initiatives for promoting safety in the cause of accident reduction, improving mechanisms for case management, an

improved accounting system, an improved budget process, change to 90/80% of net and dual awards, the implementation of separate governance and appeal procedures, the ability to address grievances concerning the treatment of clientel through creation of the office of a Fair Practices Advocate, an improved training component for staff, the organization of a research department as a resource for the objective analysis of policies to be considered by the Board of Directors - in many categories, the board has come a long way.

As the end of my term of appointment approaches, I wish to express my gratitude to the ministers under whom I have served for entrusting me with this important office. It is a privilege to work with my colleagues on the Board of Directors, each of whom has my respect. I am grateful to all those in the administration with whom I have worked, for their many courtesies. While in retrospect, I know that there are issues which I might have handled better, I believe that there has been real progress toward a good and stable compensation system.

I know the senior staff of the board to be both committed and competent, as well as empathetic concerning the issues facing both major stakeholders. While reaching an acceptable balance between the two in their recommendations to the Board of Directors is sometimes a difficult task, the recommendations and options are presented in a fair and forthright manner. The accomplishments, though resulting from the splendid combined efforts of many, from the Government and the Minister's office to the Board of Directors down to line staff, are due chiefly to the efforts of senior staff, efforts often far beyond the call of duty, and to the energy, vision and leadership of the Chief Executive Officer. Accorded a reasonably supportive environment in which to work by the two constituencies which the board serves, those employees have the ability, I believe, to foster the building of a WCB in Manitoba in which workers and employers alike will have good cause to feel confidence.

ANNUAL OPERATIONS REPORT

GRAHAM F.J. LANE
Chief Executive Officer

Continued attention was paid to service and the development of long-term financial stability throughout the third year of the WCB's five year recovery program. Bill 59, the most significant amendment to the Workers Compensation Act since the program began in 1916, received Royal Assent on July 26, 1991. A better understanding of the parameters of the program is being sought from workers, labour organizations, employers, industry associations and society. In 1991, almost 30,000 Manitobans received cash compensation without having to rely on the courts, paying premiums or counsel fees, or waiting indeterminable periods of time.

This, the seventy-fifth year of a no fault, single-funded workers compensation program in Manitoba, provides an opportunity to reflect on the program's past, present and future.

One must understand the past before being able to effectively manage the present and plan for the future. The original no fault, mandatory workers compensation program of 1916 replaced tort law - considered to be unacceptable by workers, because of the burden of proving negligence through costly and lengthy litigation, and by employers who could be wiped out by a single successful judgement.

Both workers and employers formed the original "social compact". which meant a program funded solely by employers to protect them from the potential damage of civil suits in exchange for mandatory, no fault coverage to workers for work-related injuries.

Since 1916, the Workers Compensation Act of Manitoba has been frequently amended to reflect the different demands placed upon it, but in the process, the original intent became blurred. The Act, also, did not reflect the corresponding societal changes such as the introduction of a progressive tax system, a universal healthcare program, and numerous plans (public and private) for disability.

As the parameters and administration of the program were stretched and strained, the Workers Compensation system evolved to what was, in 1988, a program which did not effectively meet the needs of either workers or employers.

Service

By 1988, service levels and the Board's organization and operations had deteriorated to unacceptable levels. The Board, encouraged by government, labour, industry, and others, developed a five year recovery program and initiated the reform process. By the end of 1988, the organization had developed a strategy to rebuild the program.

Service improved in 1989 as a result of increased staff levels, enhanced technological support, organizational changes and staff training. Improvements were reflected in drops in backlogs in all areas. As well, the WCB expanded the management information system and completely revised the assessment, collection, and policy development areas. Despite attendant increases in program costs associated with backlog reduction and investments in long-term infrastructure, surplus operations for the general employer's pool (Class E) were recorded. This surplus was the first reported surplus in a decade. The research and development work that culminated in 1990's Bill 56 (revised governance structure) and 1991's Bill 59 (programme modernization) was begun. The Fair Practices Advocate function came into existence to serve as yet another means to ensure fair service to claimants. The Client Services Branch was established to utilize the infor-

mation base of the WCB to foster and facilitate accident prevention and reduction. Appropriate annual budgeting and published quarterly financial statements were introduced.

In 1990, continued emphasis on service was rewarded with further improvements. For example, unadjudicated time loss claims and the average required processing time for a regular time-loss claim plummeted from the average 1989 level, which, itself, was below previous levels. The assessment approach was further refined, communication efficiency was enhanced and financial stability maintained. The management information and analysis system was substantially enhanced, co-incident with the introduction of additional technology based aids. The Corporate Secretary division was established to provide legal, operational audit, Appeal Commission, and Governance Board support services. Contracts were entered into with industry groups and others to facilitate safety and rehabilitation initiatives to complement the on-going efforts of the Workplace Safety and Health Division of the Department of Labour. Bill 56 was adopted by the legislature. It provided for an independent Appeal Commission and an expanded and part-time Board of Directors representative of workers, employers and the public interest. The Bill also enhanced the assessment collection abilities of the WCB and amended numerous technical provisions of the Workers Compensation Act.

Accident volumes declined significantly in 1991 as a result of a reduced employed workforce, due to the recession, and increased attention to safety and effective rehabilitation by society (inclusive of the Board). Levels of claims awaiting an initial decision and the time required to issue a compensation cheque to a qualifying claimant fell, once again. Unserviced claims are now 33% of the levels of 1988 and the time delay between the filing of a claim and payment, for regular time-loss claims, is now 50% of the 1988 delay. The quality and quantity of WCB communications was enhanced. The assessment approach continued to be refined to better ensure the fair allocation of program costs among employers. Consistent with the long-range plan to improve the effective use of technology at the WCB, a number of technologically-related initiatives were successfully concluded and others planned and begun. As well, the planning component of the Bill 59 implementation initiative was successfully completed, following its adoption by the legislature. The Board adopted a proposal to initiate a merit/surcharge component of the assessment system to complement the experience rating system introduced in 1989. This component was developed to motivate employers to take actions to facilitate further declines in accident levels.

Financial

1991 operations produced the third consecutive surplus in Class "E" (general employers pool) following six years of large annual deficits. The surplus occurred despite the fact that the average billed Class "E" employer's assessment rate declined in 1991. Since 1988, average rates have fallen 10%. The current year's surplus position was assisted by declining accident volumes while being adversely affected by reduced assessment revenues due to the recession. Continued high differentials between interest rates and inflation helped contribute to growing investment revenues and reduced growth in aggregate benefit costs. As well, policy and practice changes adopted and/or implemented during the 1989 - 1991 period to improve the effectiveness of the program (within the

parameters of the legislation) have had a net depressant effect on anticipated future costs arising out of current claims experience.

Service, adjudicative and administrative costs (inclusive of safety, assessment and collection) increased, as has been the case during the last decade, at a rate in excess of inflation. However, these increases have supported the continued thrust of the reform. One of the goals of the reform process is to reduce aggregate program costs and their rates of increase through more timely and effective actions. Adjudicative, rehabilitation, safety and administrative costs represent approximately 15% of aggregate costs. The incurring of such costs in an effective way can lead to reductions in overall costs as well as reducing employer non-WCB costs that result from accidents (i.e. training and replacement of experienced workers, production losses, equipment damage, other insurance premiums, etc.)

The successful introduction of technological and system assists should reduce the growth of internal, non-benefit entitlement costs in the future. During the years of reorganization and reform, substantial non-recurring expenses are being incurred to provide long-term benefits. These non-recurring investments include system development expenses, consultant and legal counsel fees.

The WCB's financial position and prospects have improved significantly as a result of the proclamation of Bill 59. The immediate financial effect of the Bill was to reduce the expectations as to further costs attributable to past and future claims without an unfair impact upon workers. As well, the costs of accidents related to program self-insurers, employers within other classes, is now with Bill 59, confined as the responsibility of the self-insurers. As a result, deferred assessments have been recorded as due from these employers.

Bill 59 amended the definition of an accident. The parameters of the program as to compensable conditions have, thereby, been more closely circumscribed. A reduction of the WCB's accumulated unfunded liability occurred as a direct and indirect result of Bill 59 and, accordingly, is reported in the financial statements enclosed within this Annual Report.

The pension liabilities of the WCB were reduced as a result of the legislative curtailing of the indexation of impairment pension awards upon the beneficiary reaching age 65 (at age 65, entitlement to Old Age Security, Canada Pension Plan, and other pension plans which are often indexed is generally present). As well, the pension liability surplus arising out of improved investment yields and lower inflation in recent years has been recognized given the confirmation of a current actuarial review and increased certainty of future benefit entitlement levels provided by the revised legislation.

Technology

The ratio of claims to staff is higher for the Manitoba WCB than for the average Canadian WCB jurisdiction. Historically, this has been the case. Combined with other confounding factors, such as the excessive backlogs and incomplete and immature program infrastructure that was the WCB's condition by the summer of 1988, the introduc-

tion and enhancement of technological assists was a critical strategic choice for the administrative component of the recovery plan.

Since 1988, the WCB has pursued a technological solution as one means by which the caseloads could be effectively managed. The administration remains convinced that technology is a critical success factor and that, in time, claims volumes of current levels can be effectively managed on a timely basis with a reduced staff complement.

Every area of the WCB's operations has been impacted by the continuing and increasing utilization of technology. Leading edge products and solutions have and are being introduced on a regular basis. Expert systems, LAN (local area network) and other sophisticated software packages are gradually assisting staff to better manage the high volumes of claims under administration. Management information systems and financial modelling allows the WCB to be aware of operational situations, analyze options, and take action where required.

Investments

The WCB investment portfolio has increased substantially due to positive cash-flow since 1988. Given the plans for achieving reduced assessment rates for future years, the investment yield earned is important. Notwithstanding the fact that the investment portfolio is managed by the Investment Committee (comprised of two members appointed by government and the WCB CEO), and is not legislatively subject to the direction of the WCB Board of Directors, the Board has, with the co-operation of the Committee, developed an investment policy. The policy was adopted to assist the Committee in its investment of funds into a range of appropriate asset classes. As well, the Investment Committee and the Board are investigating ways to enhance the trading capability of the portfolio to improve future investment yields.

New Initiatives

The groundwork is being laid for a more effective case management process; the timely rehabilitation of injured workers to lead to a return to work. As well, the long-term case review project, commenced in 1990, has enlisted outside expertise which is now assisting WCB staff in servicing individual long-term compensation and rehabilitation claimants. Many of these workers had not been properly serviced in the past due to caseload and other constraints. The WCB healthcare support group's organization and processes are being improved to complement the case management initiatives.

Bill 59 came into effect on January 1, 1992. It provides workers with benefit entitlements more consistent with the original intent of the program. An automatically indexed dual award system of benefit entitlements was legislated which is comprised of independent awards for wage loss and permanent impairment. The previous system's non-recognition of the effect of progressive taxation of income and the other sources of disability insurance was addressed. The definition of accident was amended to recognize the impossibility of determining work relatedness of disablement due to disease in many individual cases. It recognizes the fact that the employers are the sole funding source for the program and acknowledges the universal disability insurance plans within the Canada Pension Plan and Unemployment Insurance Program (both of which are funded jointly by both workers and employers).

One of the objectives for the Bill is to encourage a better understanding of the coverage provided so as to motivate those covered to seek complementary insurance. The Bill modernizes the statute provisions and improves other statutory authorities of the WCB to provide for a more effective program. This Bill is a component of an overall strategy to eventually retire the unfunded liability of the WCB. The deficit currently requires assessments against Class E employers to be higher than otherwise would be the case, causing the attribution of costs of prior years being assessed against future employers. Bill 59, as well, provides legislative means by which service could be improved through the appropriate utilization of third parties.

The membership of the Steering Committee on Legislative Reform was comprised of the WCB's Chief Executive Officer, Board legal counsel, a professional consultant and WCB staff as required. This committee, chaired by the WCB's Chief Executive Officer, worked on the proposed legislative amendments from the spring of 1989, when the work of the government's Implementation Team on Workers' Compensation Reform was wound into it. Four proposed Bills, each subsequently tabled by the government and approved by the legislature, arose out of the Committee's work. Bill 59, Bill 56 of 1990 and two Bills increasing pension entitlements in advance of Bill 59's automatic indexation provisions.

Communication services were further expanded in 1991 to provide workers and employers with enhanced knowledge of WCB operations, trends and experience. The WCB is becoming more active in advising those concerned not only what conditions the program covers, but also what conditions are not covered (so as to inform those who may require complementary private insurance, group or individual).

As well, an automated records retention and file retrieval system became operational to improve file security and facilitate claims handling. Initiatives continue with respect to training, policy and procedure revisions, work-simplification and technological assists, program operational and financial controls, relationships with healthcare and rehabilitative service providers, investment management, accident prevention and other measures. These actions are intended to provide Manitoba with Canada's most effective workers compensation program.

Adversarial Features

Workers compensation has never been a program that has received the full support of employers and labour despite the original "social compact" and the continuing "high level" support for the program publicly indicated by the two groups. This is the situation in every Canadian jurisdiction.

Employers, pressured by increasingly competitive markets, are concerned about the cost of the program. They are also concerned with the rapid increases in program costs over the last decade, the expenses associated with administration, and the efforts of labour, in the perspective of employers, to "stretch" the parameters of the program's social compact related to benefit entitlements. The 1980's represented a period in which the cost of benefits, inclusive of rehabilitation, exploded across Canada. The program became a significant cost factor to many industries. Assessment rates rose dramatically (from 1983 to 1988, average rates rose by 20% each year in Manitoba). In many

jurisdictions, the accumulated deficits soared. In Manitoba, unfunded liabilities grew by $200 million during the period 1982 - 1988.

Labour, on the other hand, seeks the extension of benefit entitlements to disabled workers beyond the current parameters of the program. They argue that employers avoid accepting the full costs of compensating workers in respect of disabilities caused by workplace generated diseases. As well, labour generally favours the provision of compensation to workers until the rehabilitated worker has actually found suitable re-employment.

The dichotomy between the two positions, as suggested above to a limited extent, results in a program that is difficult to administer. The general positions of the primary stakeholders are enjoined by others. As well, outcomes of individual cases regularly receive comment from advocates and the media, often times without the full facts being disclosed. Both the worker community and industry are often reluctant to allow the program, designed to fairly administer the statute, to operate with assistance of the Worker Advisor Office (no cost advice and assistance to workers dealing with the WCB) and the independent Appeal Commission. On a regular basis, political interest groups, the media or members of the legislature lobby the WCB or the government resulting in public controversy and the reluctance of the opposing interests to halt their own lobbying activities. This, too, is the result of years of administrative deficiencies, unclear program parameters and varying decisions, all of which led to the recovery plan.

One of eight workers file a claim with the WCB each year. About one-half of these claims concern timeloss from work. In addition to this annual inflow of about 50,000 claims (45,000 in 1991), 30,000 claims from prior years are carried into the current year or are re-opened. Adjudicators make the decisions regarding which claims are to be accepted and what the duration of an accepted claim will be. Only 4% of timeloss claims are rejected, some of these rejections are later overturned in the appeal process. Significant rehabilitation and re-employment services are required for about 5% of annual timeloss claimants. About 2% of the claimants are required to be seen by a WCB healthcare professional (1/3 of these to establish permanent impairment awards) - the other 98% have treatment for their condition fully addressed by their own treating professional. About 1-1/2% of the claimants are dissatisfied with the initial adjudicative decision, and seek reversal by our internal Review Office. Approximately 1/2 of 1% of the annual flow of claimants seek reversals of adjudicator and Review Office decisions at the independent Appeal Commission. Only 32 cases required the holding of an independent Medical Review Panel to assist the review of their case. A 1991 poll by Prairie Research Associates found that 85% of claimants felt they were treated fairly by the WCB. As well, the WCB assessed approximately 20,000 employers in 1991. Less than 1/4 of 1% of these employers disputed their assessment before the Appeal Commission. The WCB's handling of claims and assessments represent an important stewardship function placed with the Board. Discharge of this responsibility is overseen by the Workers Advisor Office, the Provincial Ombudsman, the Human Rights Commission, unions, industry associations, government, opposition MLA's, the media and others.

The fact is that the program covers only work-related disabilities, and work-relatedness is often difficult to establish in the case of disease. The current reality is that additional

insurance is required to cover workers for all of the risks that can result in disability (risks that largely lie, at least on a predominant and provable basis, outside of the workplace). The program is responsible, for those claims that are accepted, to determine when a previously injured worker is able to rejoin the workforce. It is a responsibility the administration takes very seriously. That is the essence of the social compact the WCB administers.

Notwithstanding the limitations and difficulties experienced with the program, neither labour nor employers seek its abolition. This, for good reason. It has been estimated that less than 20% of injured workers would be successful in a tort action against their employer if this system did not exist and injured workers had to rely on the courts for compensation for workplace injuries. Even for this 20%, assuming all within the group would initiate a suit, the costs and delays associated with tort action would be high. As to employers, many would have difficulty obtaining replacement insurance at reasonable cost against the risk of successful tort actions for workplace negligence resulting in employee injury.

Injured workers and their dependents, across Canada, receive much higher benefits and a broader range of benefits from a variety of sources than they received when the program began 75 years ago. Society has also changed. In the last several years, for example, confidence in the ability of the economy to provide jobs and to develop ever increasing real incomes to those at work has plummeted. Factors other than medical condition and a desire to work have become significant restrictors in the attempt to find employment (eg. age, literacy level, location, education). Those within society have become much more aggressive in challenging public and private institutions. Other insurance products have been developed, some are over-lapping. This is the new reality and it is a challenging one.

As a stand-alone product, workers compensation is incomplete and, hence, is difficult to administer. A significant portion of the WCB's non-benefit costs arise as a result of program's design and the efforts to ensure that every legitimate claim on the WCB is met. The WCB seeks to inform stakeholders of the program's gaps and the need for complementary additional insurance. It is evident, however, that incomplete as it is, the program offers considerable insurance protection. This protection is much more substantial today than it was in 1916 when the program was initiated.

Since 1988, the WCB has become involved in efforts to reduce accidents. For too long, the WCB concentrated solely on compensating and, since 1983, rehabilitating injured workers. The prevention of accidents is an obvious area of interest for the program if it is to be truly effective. On occasion, both worker and employer groups have questioned the WCB's safety initiatives yet their success may be measured in reduced volume and severity of accidents.

The reality is that this program, created by statute, delivered by a public sector monopoly, mandatory for scheduled industries, will never meet the full objectives of either labour or industry when their positions are enunciated as individual voices.

The staff of the WCB, subject to the policies and direction of the Board of Directors and statute deliver the program in an unbiased manner on a daily basis.

Staff neither represent workers nor employers; they represent the program. The staff recognize that their actions will not always meet with universal approval and strive to neither be intimidated by the lobbying/advocacy approaches of special interest groups nor dissuaded from delivering the program's mandate as effectively as they can.

In my opinion, drawing on almost four years of being charged with the day-to-day administration of this program (a period of time in which significant legislative, policy and practice changes have occurred following considerable research and study):

1. The workers compensation plan should be only one component of an overall insurance program to meet the needs of the market;
2. The average duration of claims (the length of time a claimant remains on benefits) exceeds, as a result of a combination of factors, the average time required to medically rehabilitate claimants from the effects of workplace injury;
3. Bill 59's provisions concerning the adjudication of disease based disablements is reasonable given the practical problems of confounding causal factors, one-source, employer, funding and the existence of other insurance products;
4. The appeal and related environment and process is adequate to support claimant demands for appropriate compensation;
5. The WCB, inclusive of its adjudicators, rehabilitation and re-employment specialists, healthcare consultants and other staff, make their best efforts to administer the program fairly;
6. The administrative reform process is not complete but the initiatives underway or planned should be sufficient to complete the process satisfactorily;
7. The self-employed are not particularly well served by the program's design. They, generally, require composite liability and all perils insurance;
8. The current assessment approach fairly allocates program costs among employers, given that the individual risk evaluation is not administratively feasible within the current approach. Reinsurance against catastrophic accidents should be, and is, being sought from the private market;
9. Further research into the feasibility of extending coverage to additional industries and occupations is required, some of the present exclusions are historical rather than logical;
10. Research, analysis, and consultation should continue as to how the "market" could be better served and in respect to better understanding the factors affecting current results and situations.

Comparisons

Those interested in workers compensation regularly attempt to compare the program's rates and benefit entitlements with those of other workers compensation jurisdictions and private insurers. Usually, the information base is inadequate to allow a proper comparison.

Direct rate comparisons cannot be made with other compensation jurisdictions without taking into account such factors as whether the average rate quoted by a jurisdiction includes the self-insurers, the range of industries and employers covered by the plan,

assessable base of earnings is identical to the earnings base on which benefits are calculated and whether the jurisdiction in question is fully-funded or not. While a comparison of Canadian average rates made without taking into consideration these factors indicates Manitoba's rates have moved from above average in 1988, to significantly below average, a comparison including these factors would indicate the Manitoba rates to be even more favourable on a national comparison.

A direct comparison between workers compensation assessment rates and those of private insurers offering group disability coverage is also difficult. Unlike the private plans, this program is responsible for all healthcare costs attributed to the workplace injury. Benefits are indexed for inflation and are tax-free to the recipient. Workers compensation coverage begins one day after the accident rather than several months later. Workers compensation coverage includes life insurance, impairment awards, and supplementary coverage for such items as attendants and clothing allowance and is, in fact, a form of composite insurance.

Coverage is extended to all scheduled industries. The program cannot select its own risks. As well, workers compensation offers comprehensive rehabilitation assistance and continued benefits, without change in eligibility, to retirement age. For these and other reasons complementary private insurance (which considers the workers compensation program as "first payer") can be obtained, particularly on a group basis, at reasonable rates to cover non-occupational risks.

The Manitoba program provides benefit entitlements comparable with other Canadian WCB jurisdictions and far superior to the benefits offered by the average American jurisdiction. The wage loss/impairment award option in Manitoba represents the Canadian norm. The fatality award structure does not offset other non-WCB life insurance coverages at all. The definition of accident introduced by Bill 59 provides for a clearer knowledge of coverage than exists in other WCB jurisdictions.

Whether it be rates, coverages, or practices, comparisons between insurance programs, public or private, require detailed knowledge. There are reasons for differences in rates and entitlements between insurance plans and these differences can be determined and analyzed.

Conclusion

1991 was a year in which administrative and policy reform occurred coincidental with substantial legislative change. It was a year in which initiatives were established to further reduce accidents, improve rehabilitation timeliness, and to retire the program's unattributed deficit. The foundation for future substantive improvements, supported by employers and workers, is present. There is cause for the reasonable expectation that this program's concept can be amended to meet the needs of new generations of employers and their employees.

Hopefully, an additional 75 years will not be required before a further round of concept reform takes place. The Association of Workers Compensation Boards of Canada, of which Manitoba and the 11 other workers compensation programs are members, has a project underway reviewing the legislation, financial reporting, and standards existing in the various jurisdictions. Out of this, and other research, new opportunities may arise.

Annual Operations Report

The WCB is only one organization among many involved in matters related to workplace accidents and illness. It retains close ties with Workplace Safety and Support Services Division of the Department of Labour, individual firms and employer associations, labour groups, the healthcare sector, safety organizations (funded by or entirely independent of the WCB) and others. Workplace accidents and illness affect the well-being of society. It is hoped that the initiatives of the WCB and others will be gradually more effective and, accordingly, of more value to Manitoba. Manitoba cannot afford, in any terms, the continuation of more than 1,000,000 lost productive days per annum currently attributed to workplace accidents and illness. The reduction of accidents or the severity thereof and the earlier rehabilitation of workplace accident victims pays immense dividends to society - far beyond the savings on the assessment levies on employers.

The program provides valuable support to the victims of workplace accidents. The parameters of the program do not, however, extend to non-occupational accidents or illnesses. The risks of the consequences of non-work related conditions should be insured through private insurance plans as well as the social insurance programs such as the universal C.P.P. and U.I. Of course, the causes of disease are often difficult to determine, leading to the disappointment of some who have not been able to obtain adequate insurance to cover the design gaps evident in work-related coverage. Each person insured under the workers compensation program, or any other insurance plan, should seek a full understanding of the coverage provided. When a claim is rejected, it is not the time to learn additional coverage should have been obtained.

The administrative reform of the WCB is not complete. Two more years are available within the original five year plan to effect the administrative reforms commenced in 1989. The WCB has every expectation that the remaining necessary reforms can be achieved within this time period. The result will be an effectively managed public enterprise. In 1992, for example, efforts to link registered employers and service providers with the WCB electronically will be pursued; as will other means that would further the program's objective of providing effective, fair and timely service to injured workers and employers.

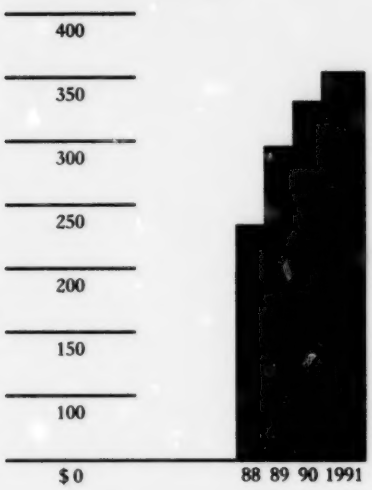
The support, efforts, and ideas of the Board members, management, staff, consultants, advisors, and program stakeholders are gratefully acknowledged. The continued operation and improvement of this necessary service requires the continued contributions of all. This program, after all, represents more than a service - it is a financial life-line, rehabilitation of, and hope for thousands of injured workers annually. It can be of significant financial value to industry and society if the program can operate cost effectively, promote accident reductions, retrain productive workers, return rehabilitated workers to their place of employment quickly and invest surplus funds effectively.

The Chief Executive Officer of the Workers Compensation Board has statutorily and Board-assigned duties pursuant to the Workers Compensation Act. The Chief Executive Officer administers the program and sits as a non-voting member of the Board of Directors and the Board's Policy Committee. This report represents the Chief Executive Officer's perspective of the program.

Annual Operations Report

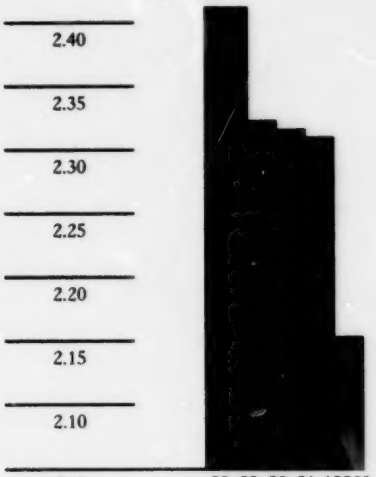
Investment Portfolio

$ millions



Assessment Rates

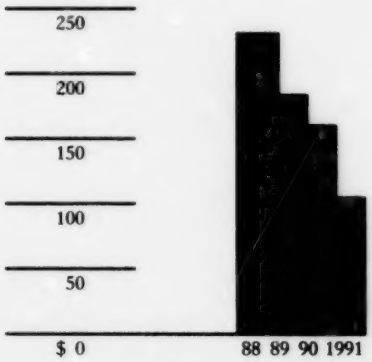
Average Class E



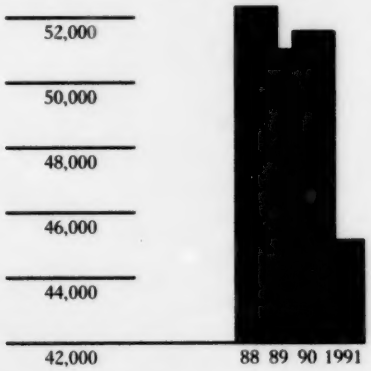
*Announced, December '91

Unfunded Liability

$ millions



Accidents Reported



Executive Management Committee
Left to Right: Lorne McMillan (Finance and Administration), Karn Sandy (Corporate Secretary/ Deputy CEO), Joe Cottreau (Community Relations), Alfred Black (Benefits), Dave Greason (Information Services).
Seated: Graham Lane, CEO

Board of Directors

ED GALLOS
(Missing from photo of Board of Directors)

The Board of Directors is responsible for the comprehensive review and evaluation of the policies of the WCB.

In November, the Minister Responsible for the Workers Compensation Act, the Honourable Darren Praznik, announced the appointments of four new Board members: Bruno Zimmer, M.L. Buddy Brownstone, Cal Roberts and Charles Laverne Cherrey. With the appointments, the Board was comprised of:

Chairperson:
Robert L. Kopstein

Representative of Employers:
Ed Gallos
Cal Roberts
M.L. Buddy Brownstone

Representative of Workers:
Marla Niekamp
Margaret Day
Bruno Zimmer

Representative of the Public Interest:
A. Rodney Thorfinnson
Charles Laverne Cherrey
Marvin Seale

Non-Voting:
Graham F.J. Lane

In 1991, Board Director Louis Plantje (representing the public interest) retired and Robert Hammaberg (representing employers) resigned. Their service is gratefully acknowledged.

BOARD OF DIRECTORS

BACK, LEFT TO RIGHT:
MARVIN SEALE, CHARLES LAVERNE CHERREY, M.L. BUDDY BROWNSTONE, BRUNO ZIMMER, GRAHAM LANE (NON-VOTING), MARGARET DAY.

FRONT, LEFT TO RIGHT:
A. RODNEY THORFINNSON, MARLA NIEKAMP, ROBERT L. KOPSTEIN, CAL ROBERTS.

Appeal Commission

The Appeal Commission, although bound by the same Act, policies and regulations, is independent of the Workers Compensation Board. Appointments to the Commission are by Order-in-Council. The report of the Appeal Commission is included in the annual report for ease of access for the reader.

Effective October 16, 1991, a complete roster of full and part-time appeal commissioners was appointed. These appointments were made to improve regional service and provide timelier service to people appealing their claim.

A total of 12 appeal hearings were held in Brandon, Flin Flon and Thompson in 1991. Rural clients and advocates have expressed appreciation of the increased accessibility to the appeal process.

As of December 31st, the appeal commissioners were:

Full Time

George Davis	Chief Appeal Commissioner
Willem De Bakker	Presiding Officer, Appeal Commission
Clare Baum	Commissioner representative of employers
Rod Frisken	Commissioner representative of workers

Part Time

Representative of the Public Interest - John Korpesho, Diane Jones, Joy Cooper, Kaye Dunlop*

Representative of employers - John E. Albrechtsen, Herb Middlestead, Alan 0. Rowe, Barry Simoneau*, Torben Jensen*, Ted Sinclair

Representative of workers - George Smith, Susan Spratt, Cliff Anderson, Blake McGrath

**appointed in 1991*

Full time appeal commissioners left to right: Willem De Bakker, Rod Frisken, George Davis. Missing is Clare Baum.

Appeal Panel Statistics

	1991	1990
Appeals carried forward from previous year	57	30
Appeal Panel Hearings held during year	297	226
Appeal Panel Reviews	109	53
Cases heard during year but carried over to next year for decision	[56]	[57]
Total Decisions	407	252
Appeals accepted, partially or fully	135	76
Appeals rejected or withdrawn	261	176
Further information requested	11	0
Total	407	252

During an average year, approximately 50,000 new claims are handled by the WCB administration. Individual decisions made on these claims are in excess of 1,000,000 annually.

Compensation Then And Now

THE ACT OF 1916 BROUGHT A COMPLETE NO FAULT INSURANCE PLAN TO THE WORKERS OF MANITOBA. IT WAS UNIQUE IN CANADA IN THAT IT WAS FUNDED BY COMPULSORY PRIVATE INSURANCE RATHER THAN A PUBLIC INSURANCE PROGRAM.

Left: Workers Employed in Building a Tunnel Under Red River Between Winnipeg and St. Boniface, 1918.

Then...

The issue of workers compensation was addressed by Manitobans as early as 1910 when the original Workmen's Compensation Act was passed. This original Act offered workers the choice of claiming no fault benefits under the Act or suing at common law. A worker could not do both. Foregoing the right to sue, at that time, meant settling for low, no fault benefit levels - 25% of wage loss during the first month, 40% in the second month and 50% thereafter. The alternative was risky at best with the onus being on the worker to prove negligence on the part of the employer in a court of law. Not only was the burden of proof an almost insurmountable challenge but the costs of retaining legal counsel were often prohibitive and the lengthy delays unmanageable. As well, the employer had to be solvent.

The complete, no-fault Workers Compensation Act of Manitoba, as we know it today, was passed by the Manitoba Legislature in 1916 to come into effect on March 1, 1917. (It was modelled on the Worker's Compensation Act of Ontario 1915).

The Act of 1916 brought a complete no fault insurance plan to the workers of Manitoba. It was unique in Canada in that benefits were delivered by private insurance companies rather than a public insurance program. (A complete public insurance program was adopted by the legislature in 1920.) A synopsis of the new Act prepared in 1916 stated:

"The Workmen's Compensation Act passed by the Manitoba Legislature on March 10th, 1916 will become operative as respects payment of compensation on March 1st, 1917...It introduces radical changes in the law respecting injuries to employees and may be described as a New Code of Law upon the subject."

The Act of 1916 was passed during a time when there was no progressive tax system, no universal health care system, no Canada Pension Plan and no Unemployment Insurance Plan. It covered industries considered to be most hazardous at the time: manufacturing, milling, lumbering, mining, quarrying, fishing, transportation, navigation, construction, building, warehouseing, operation of public utilities and all occupations connected therewith.

The Act of 1916 provided for:

- A complete, mandatory, no-fault insurance program
- Compensation payable for work related injuries except where serious or wilful misconduct on the part of the worker could be proved (unless death or serious disablement resulted) or where the disability lasted less than six consecutive working days .
- no agreements between worker and employer to forego the benefits of the Act
- Wage loss payable to 55% of loss of earnings
- Pensions for spouses of fatality victims
- Reasonable expenses for medical attendance, nursing, burial

Passage of the Act received very little news coverage. On March 8, 1916 (The Act received Royal Assent on March 10th) the Winnipeg Free Press carried a one-paragraph item on page 9:

"The passing of the Workmen's Compensation Act was one of the most pleasing incidents of the session. The third reading was moved by Hon. T. H. Johnson, Minister of Public Works in order to give it the effect of a government measure but the minister paid graceful tribute to the member for Assiniboia, J.W. Wilton, who was chiefly

"WHEN THE ORIGINAL ACT WAS BEING DEVELOPED, EMPLOYERS AND LABOUR WERE PRE-OCCUPIED WITH FINDING AN ALTERNATIVE TO THE COURT SYSTEM FOR DEALING WITH WORK-RELATED INJURIES. AT THAT TIME, THEY FOCUSED ON TRAUMATIC WORK INJURIES AND LEFT COVERAGE FOR MOST DISEASE AND NON WORK-RELATED INJURIES TO PRIVATE PERSONAL INITIATIVE. THEREFORE, THE ORIGINAL ACT FELL SHORT OF PROVIDING OPTIMUM PROTECTION FOR WORKERS...BILL 59 LEAVES NON WORK-RELATED DISABILITY COVERAGE TO SOCIAL INSURANCE AND PRIVATE COVERAGE AND RECOGNIZES, SIMPLY, THAT THERE NOW, AS OPPOSED TO 1916, EXISTS CPP AND UI, PRIVATE INSURANCE, LTD PLANS AND A PROGRESSIVE INCOME TAX SYSTEM."

– Graham Lane, Chairperson of the Steering Committee for Legislative Reform which submitted proposals for changes to the Act which resulted in Bill 59.

responsible for the bill...Taken all round, it was a most pleasant incident and all agreed that the bill was a big step in the direction all desired to go."

History indicates that the press, since the turn of the century reported more intensely on controversy which surrounded the Act and the WCB as opposed to the milestone achievements such as the passage of a total no-fault insurance scheme for the majority of workers of this province.

Now...

Seventy-five years after the passage of The Workmen's Compensation Act of 1916, Bill 59 amending the Act was passed by the provincial legislature. Numerous changes to the original Act throughout the years had extended the original parameters of coverage while failing to recognize the changes in society such as a progressive federal tax system and universal social insurance and healthcare programs. The role of Bill 59 was to:

- eliminate the relationship between wage loss and disability
- separate wage loss from impairment
- clearly fix liability for impairment
- compensate wage loss in recognition of other social insurance benefits
- clearly establish work relatedness limitations on coverage
- clarify and limit the program scope to reflect Manitoba's modern social interests (for example, competitive rates could create jobs and active prevention, in conjunction with Workplace Safety and Health, reduces injuries).

Bill 59 was developed from the proposals submitted by the government-appointed Steering Committee for Legislative Reform. The proposals represented the result of a six year process of research, analysis, and consultation with groups and individuals representative of Manitoba's workers, employers and the public.

The process began in 1985 with the public hearings conducted by the Workers Compensation Legislative Review Committee (established by the provincial government). It continued under the Implementation Team for Workers Compensation Reform and was subsequently concluded by the Steering Committee.

The mandate provided to the Steering Committee was to develop legislative amendments that would, in conjunction with Board policy and practice:

- provide a fair and reasonable benefit program pursuant to the plan's original principles and design (i.e. no fault coverage to mandatory industries and their employees, immunity from suit, employer funded, direct work-related cause, etc.).
- address the issue of the unfunded liability (which the Provincial Auditor had deemed to be illegal and which negatively affected rates levied on registered employers), and
- provide for competitive assessment rates within the Canadian context supportive of an expanding economy and workforce in Manitoba.

Bill 59 became effective on January 1, 1992 after receiving royal assent on July 26th, 1991. Similarly, the Workmen's Compensation Act passed in 1916 became effective the following year on March 1, 1917. The juxtaposition of these two momentous events is fitting for the 75th anniversary of Workers Compensation in Manitoba.

Worker's Compensation in Manitoba

1909	Coincident with developments in other provinces, a high-profile Royal Commission was established to investigate and report on the industrial accident situation and the lack of social assistance or compensatory options for injured workers in Manitoba. With no universal healthcare system, no unemployment insurance or Canada Pension Plan at that time, and a court system that was costly, adversarial and tightly constrained, the workers in high risk industries were particularly vulnerable to financial ruin in the event of a disabling industrial accident. Workplace fatalities often resulted in financially destitute widows and children becoming unwilling burdens on society.
1909	Public hearings were held in Winnipeg and Brandon, where briefs from interested groups were presented.
1910	The beginning of no-fault Workers Compensation in Manitoba. The Workmen's Compensation Act of 1910 allowed for a choice for injured workers: to sue at common law, a high risk, costly option with limited chance of success; or forego their right to sue in return for no-fault benefits under the Act which were a fraction of lost income – 25% of wage loss during the first month, 40% the second month, and 50% thereafter.
1913	The Workmen's Compensation Act was amended to increase the no-fault benefit levels to 50% of wage loss.
1916	Based on Ontario legislation, The Workmen's Compensation Act of Manitoba became a mandatory, no-fault compensation system. Compulsory private insurance was required of certain high risk industries in exchange for protection from court action. Benefits were delivered by private insurance companies to a maximum of 55% of earnings together with limited medical aid benefits.
1920	Workmen's Compensation became a public, non-profit system. Wage loss benefits increased to 66-2/3%, widow's and childrens' pensions increased, and the limit on medical aid was removed.
1930 - 1953	Periodic amendments to the Act increased benefit levels in a variety of areas including medical aid and pensions, extension of coverage to more industries and volunteer occupations, and a number of occupational diseases were recognized as compensable. Assistance was provided to workers who had cases before the Board, and vocational rehabilitation was introduced to the worker's compensation system in 1953 with the appointment of the first Rehabilitation Officer.
1953 - 1985	Further amendments to the Act during this period included an increase in wage loss benefits to 75% of gross earnings in 1956, reduction of the waiting period for benefits from three days to the day of accident, a broader definition of "accident" and the creation of the first medical appeal board in 1959, periodic increases in the maximum level of vocational rehabilitation expenditures, and bi-annual increases in the maximum compensation level. In 1976, recognizing the significant presence of women in the labour force, "workers" replaced "workmen" in the Act as well as at the WCB.
1986 - 1987	Responding to calls for further changes to workers compensation, the Legislative Review Committee (LRC) was formed and heard presentations from interested groups across the province before releasing its report in May of 1987.

WORKER'S COMPENSATION IN MANITOBA

1988 - 1990

A number of reforms took place in response to the LRC report, including internal administrative restructuring, a revised assessments process, and in increased emphasis on planning and communication with stakeholders culminating in the August, 1989 release of the WCB's first ever five year Comprehensive Plan. The Steering Committee for Legislative Reform was also established by the Minister Responsible for the Workers Compensation Act, Honourable Ed Connery, to make recommendations for substantial legislative amendments that would allow further reform in the system.

1990

Bill 56 was passed in the Legislature allowing for a Board of Directors responsible for approving policy and decision making, separate from the Appeal Commission. The Board consists of:

- three members representative of workers,
- three members representative of employers;
- three members representative of the public interest.

A separate Appeal Commission was established to hear appeals from workers and employers. Each panel consists of a chairperson and two commissioners representative of workers and employers.

Bill 56 also provided for the establishment of a policy committee and included amendments to improve dependent's benefits.

1991

Bill 59 tabled by Honourable Darren Praznik, Minister Responsible for the Workers Compensation Act, was passed, to come into effect January 1, 1992. It provided for:

- tax free wage loss payments for 90% of net income, 80% after 2 years
- lump sum awards for permanent impairment (tax free)
- life insurance and retirement benefits for long term claimants
- 20% increase in maximum insured wages to $45,500
- provision for additional supplementary benefits given regulation
- automatic indexation of benefits tied to average wage levels
- separation between public and private sector employers as to liability
- preventative vocational rehabilitation
- legislated experience related assessment system and merit/surcharge system
- clarification of benefit entitlements arising out of disease
- a number of technical and other amendments.

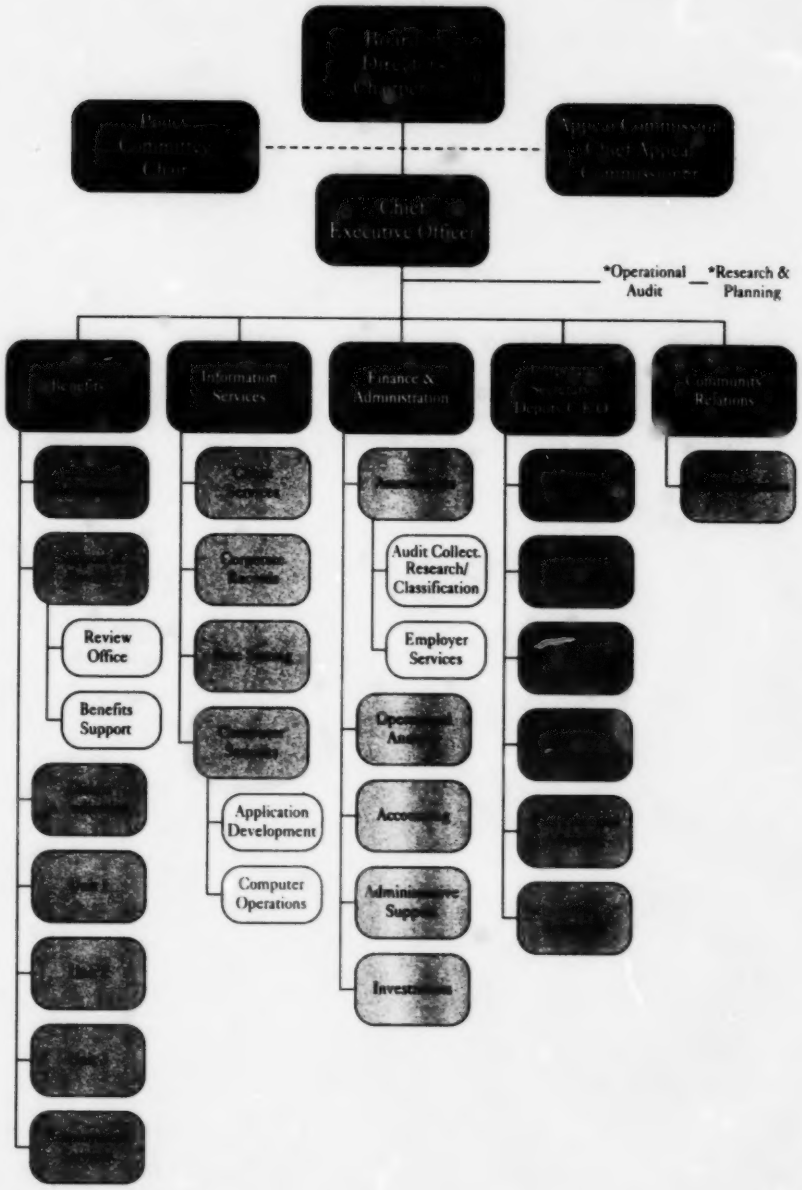
1992 Organizational Chart

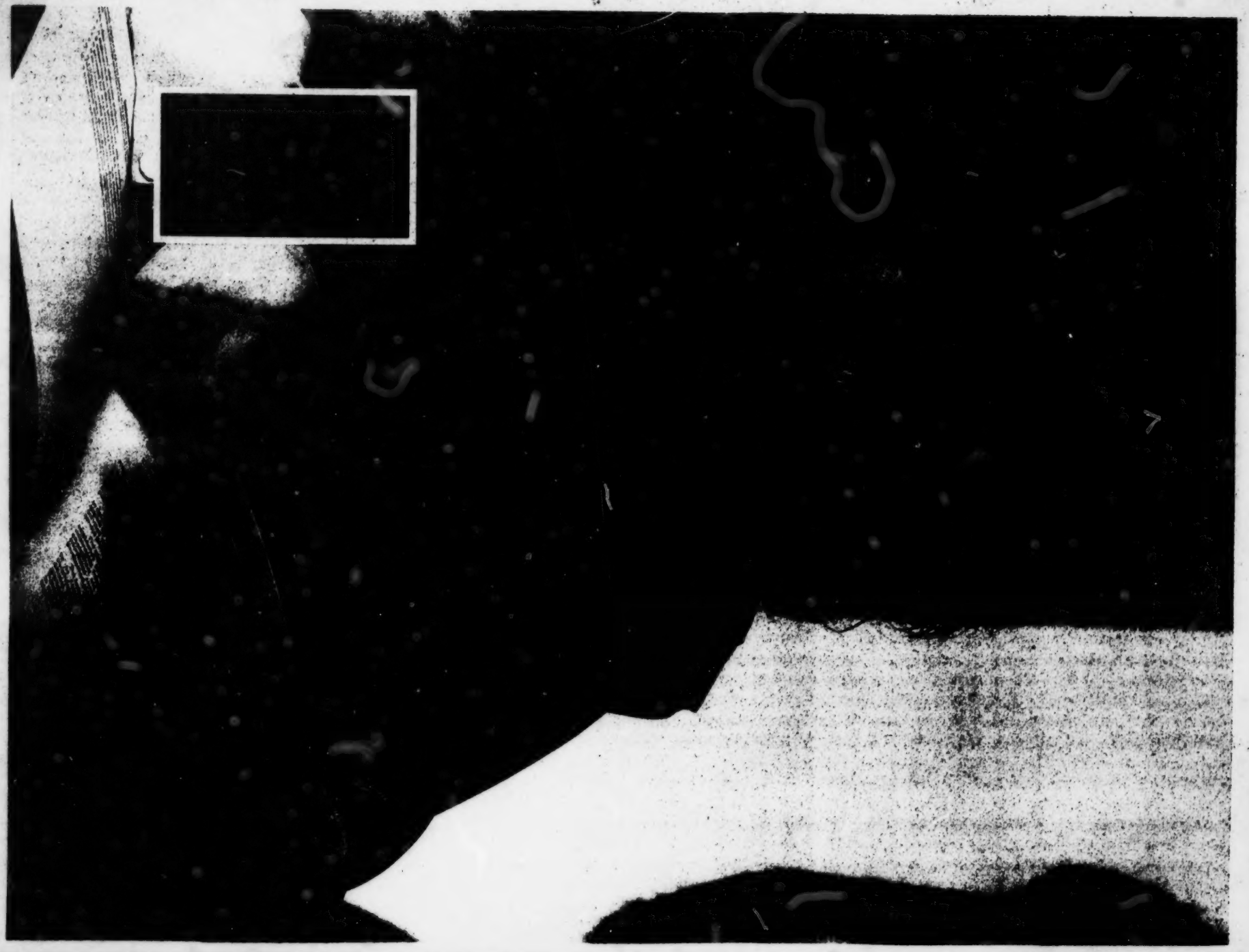
Executive Management Committee (E.M.C.) consists of CEO, Deputy CEO and Executive Directors of each division. (Chair - *CEO*)

Planning & Priorities Committee consists of E.M.C., Corporate Planner (Chair - *Corporate Secretary*)

******Reports to CEO/Board in defined circumstances.*

*******Separate entity administered on behalf of Provincial Government*





BENEFITS DIVISION

Workers at Manitoba Sugar Company, 1940

Then...

"As the provisions of the Act respecting payment of compensation did not become effective until March 1st, 1917, the work of the Board from September 1st, 1916 to that date consisted of preparations for putting the law into effect, including the establishment of the Accident Fund, by collection, from the insuring companies and employers desiring to carry their own insurance, of the required cash advances."

– 1917 Report of the Workmen's Compensation Board

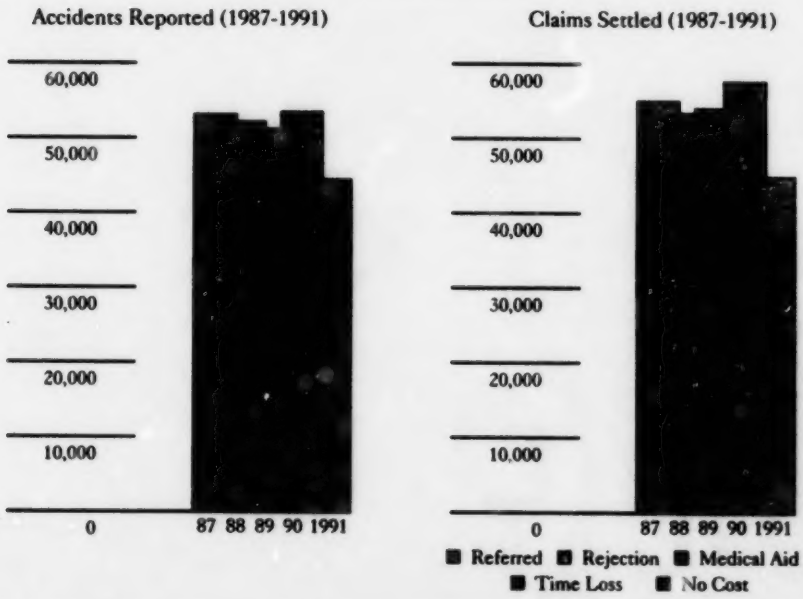
Administration of claims was done by private insurance companies and vocational rehabilitation was not offered to workers who were unable to return to their jobs.

Now...

Bill 59 was assented to on July 26th, 1991, leaving the Benefits Division just five months to implement the provisions of the bill. Priorities, policies, training, procedures, and staffing considerations were identified and implemented as necessary in order to meet the January 1st deadline. Computer software, unique in Canada, was developed to calculate 90% of a worker's net income while taking into account the tax sheltering and collateral benefits provisions of the Act.

Since 1916, the WCB has greatly increased the variety and amount of services provided to the injured worker. Recognizing that the ultimate goal of rehabilitation is a suc-

ACCIDENT STATISTICS 1991



Note: 44,587 accidents, diseases reported in 1991 as compared to 51,312 in 1990 a decrease of 13.11% (for a 10 year history of accidents reported and claims settled, please refer to statistical supplement).

BENEFITS DIVISION

THE NUMBER OF CLAIMS AWAITING AN INITIAL DECISION DROPPED FROM 1900 TO APPROXIMATELY 1300 BY YEAR END.

cessful return to work, the Benefits Division has focused on strengthening case management initiatives begun in 1990 which combine the areas of adjudication, vocational rehabilitation and healthcare management services.

CLAIMS SERVICES STATISTICS 1991

Claims	1991	1990	1989
Current year claims registered during year	42,677	48,929	49,028
Prior year claims registered during year	1,910	2,383	2,001
[illegible]	[illegible]	[illegible]	51,029
Claim Files Settled in 1991 (see page 27)			
Medical Aid Only	12,317	15,883	17,573
No Cost Claims	5,326	6,885	7,133
Time Loss Claims	18,822	22,224	21,611
[illegible]	[illegible]	[illegible]	46,317
Claims Initially Rejected*	852	876	726
Claims Referred**	7,555	9,383	6,887
[illegible]	[illegible]	[illegible]	53,930

*Number of claims rejected for which the individual worker filed an application for benefits. These rejections are based on adjudicative decisions – example: accident not arising out of and in the course of employment; no accident established.

**Number of medical service accounts refused for which an individual or organization other than the injured worker applied for payment of services. This refusal would result if, for example, the account was not related to a compensation claim, if there was no worker coverage, or if the claim was payable in another jurisdiction.

***Recurrences or re-opened claims are not included.

Pension Benefits*	1991	1990	1989
Permanently Disabled	4,734	4,720	4,732
Widow(er)s	550	556	552
Children	322	310	310
Other Dependents	8	9	12
[illegible]	[illegible]	[illegible]	5,606

*Total number of permanently disabled workers (totally or partially disabled) including dependents of those fatally injured, in receipt of pensions as of December 31, 1991.

BENEFITS DIVISION

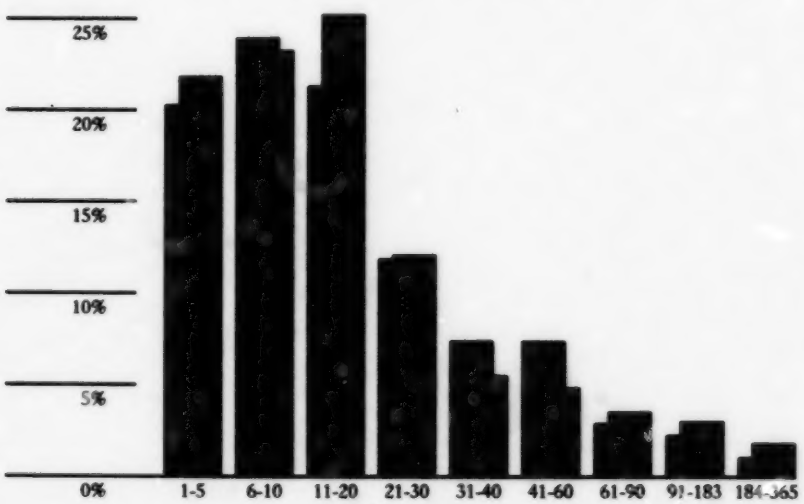
THE GROUNDWORK IS BEING LAID FOR EFFECTIVE CASE MANAGEMENT WHICH WILL PROVIDE INCREASED TIMELINESS AND EFFECTIVENESS OF ADJUDICATIVE AND REHABILITATIVE SERVICE.

Adjudication

- The number of claims awaiting an initial decision dropped from 1,900 to approximately 1,300 by year end.
- The average number of days between report of accident and first payment of claim was reduced from 21 days in 1990 to 20 days in 1991.
- A Special Payments Unit was established to develop clear guidelines and procedures for payment issues and to upgrade related computer systems. Through the addition of an accounting specialist, this unit will was able to implement the 90% of net procedure and will be able to address complex issues regarding benefit payments in the future.
- Recognizing that some of the best ideas for improvement in organizations come from within, an advisory group of senior adjudicators was established to examine a number of service issues. Their expertise and recommendations resulted in the reform of the

ADJUDICATION TIMELINESS 1991

Percentage increase/decrease (1990-1991)



Note: 45% of time loss claims are adjudicated within 10 days.

Enquiry Service, the establishment of the Claims Adjudication Unit (which separates the function of initial adjudication decisions from ongoing case management), and the offloading of some payment responsibilities from adjudictors to payment assessors.

- The Benefits Division continued its concentrated service to long term claimants in 1991 to ensure they were given the opportunity to become independent of the compensation system and achieve maximum rehabilitation through accelerated services.

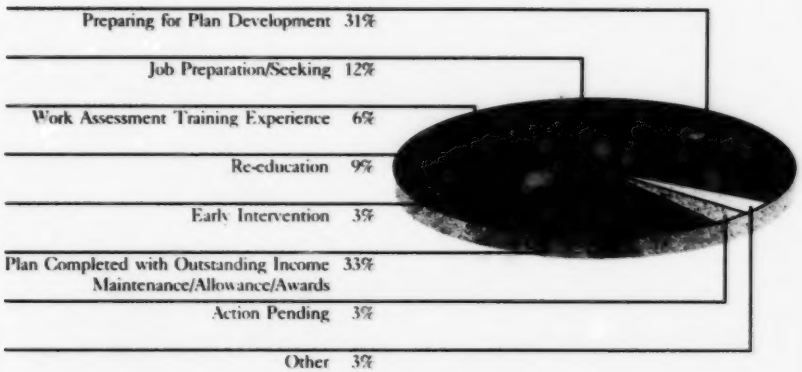
BENEFITS DIVISION

INJURED WORKERS ABOUT TO BEGIN A VOCATIONAL REHABILITATION PLAN WERE INVITED TO ATTEND AN ORIENTATION PROGRAM.

- Bill 46, providing for the semi-annual indexing of pensions was implemented. (Pensions will be automatically indexed from 1992 into the future).
- The responsibilities of the Occupational Disease Unit were expanded to include the adjudication of claims involving carpal tunnel syndrome, myocardial infarction, stress, inhalation and lead poisoning. Adjudicators in this unit received additional and concentrated training related to occupational disease.

VOCATIONAL REHABILITATION STATISTICS FOR 1991

As of December 31st, 1991 there were 1,988 active cases in vocaticnal rehabilitiation – all of which were involved in various stages of a vocational plan with their vocational rehabilitation consultant or employment specialist:



Note: Cases resolved in 1991 were 818 compared to 690 in 1990 (restated).

- The WCB's first adjudication preparation program was offered to staff members to develop their adjudicative knowledge and skills. One staff member was hired as an adjudicator as a result of this program.
- An adjudicator apprenticeship training class (developed previously by the WCB then updated and modified in 1991) produced 11 adjudcator graduates.

Vocational Rehabilitation

- A vocational assessment team consisting of a physiatrist, occupational therapist, physiotherapist, clinical psychologist, WCB representative, and the Manitoba Rehabilitiation Hospital's senior director of rehabilitation services was developed to ensure effectiveness, efficiency and economy in relation to referrals for rehabiliation services provided to clients of the WCB by the Rehabilitation Hospital. The team makes recommendations and helps implement assessment and treatment.
- A language and literacy program as well as an English for Job Finding Purposes Program was developed for injured workers.

Benefits Division

- Injured workers about to begin a vocational rehabilitation plan are now invited to attend an orientation program which explains the services offered by the board and the role of the key players in the process.

Gas Engine Wood Saw.

Healthcare Management Services

- A special impairments awards office within this branch was established to make all determinations regarding permanent partial impairment awards.
- Specialists in occupational health and trauma were added to the staff.
- A triage unit was established for implementation in 1992. This unit will assure that early diagnosis, identification of causality/treatment plans are occurring and should result in earlier case management of medical aid to injured workers.

Policy Development

Staff in the Benefits Division developed policies related to the following which were subsequently approved by the the Board of Directors then implemented within the Division:

- volunteer firefighters/ambulance members
- average earnings clarification
- mergency expenditures
- preventive vocational rehabilitation
- pre-existing conditions
- loss of earnings (Bill 59)
- tax sheltering (Bill 59)
- chronic pain

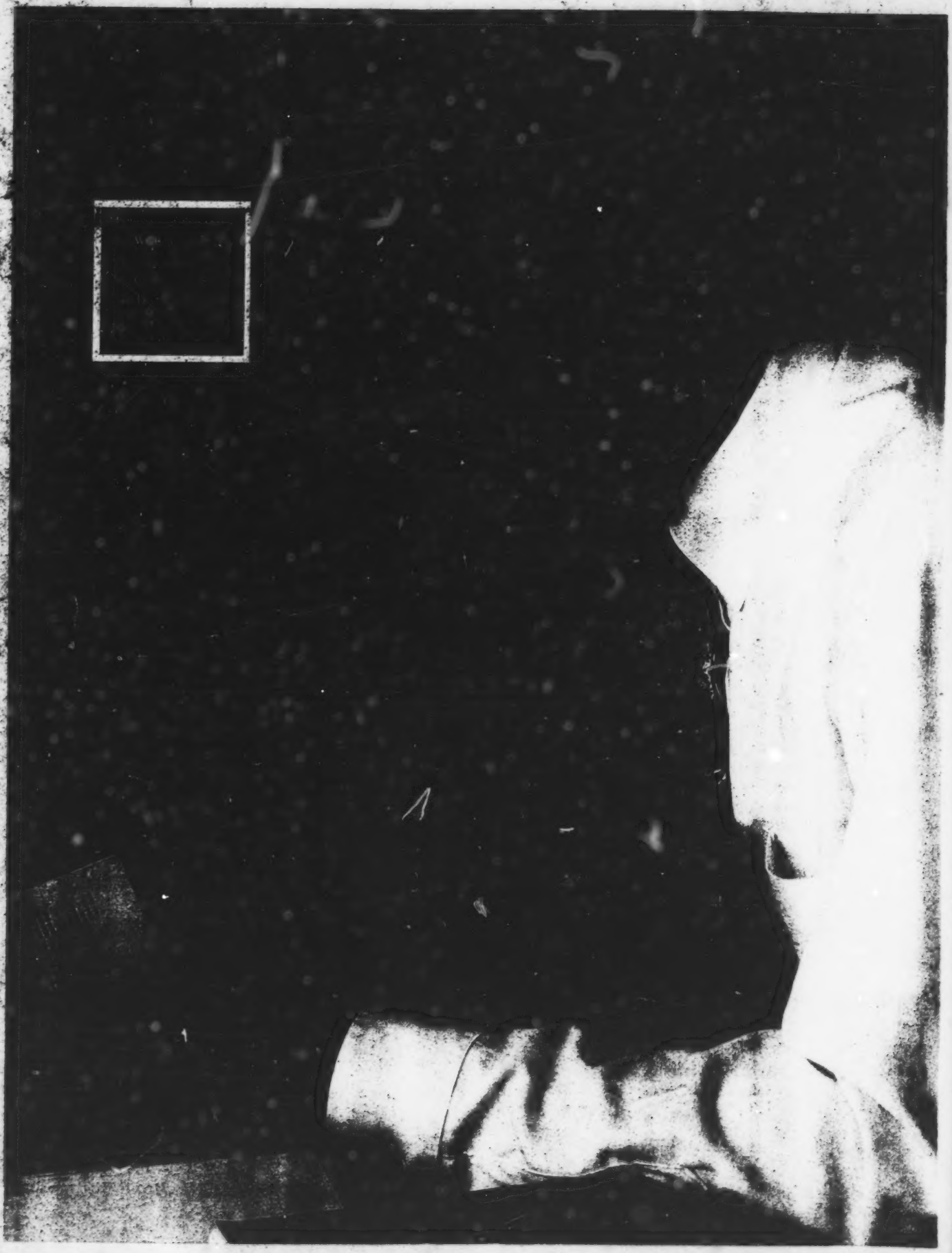
Review Office

The number of appeals received by the Review Office in 1991 totalled 1,471 reflecting a 28% increase over 1990's total of 1,152. To some extent, this increase may be attributed to greater public awareness of appeal rights coupled with enhanced reference to the appeal process in communications originating from the WCB. As well, the escalation in appeals may be the result of greater advocacy participation in the appeal process.

Review Office Statistics 1991

Review Office Statistics	1991	1990
Previous Decision Confirmed	988	718
Previous Decision Rescinded or Amended	353	360
Referred to Medical Panel	17	5
Total	**1,358**	1,083

Note: Total adjudicative decisions made by Review Office were 1,341 with 353 of those decisions rescinded or amended (approximately 26%).



CORPORATE SECRETARY DIVISION

Then...

In 1916, the Workers Compensation Board had 14 people on staff, benefits were delivered through private insurers. With reported claims numbering 2,404 (almost half of which were non-compensable), no appeal mechanism and, basically, no policies or procedures to follow other than the Act itself, many of today's essential WCB programs and services provided by the Corporate Secretary Division were not available, nor necessary, in 1916.

Now....

In 1991, following 75 years of changes to the Act, the addition of services and a formal policy process, the Corporate Secretary Division provides essential service to the WCB, to the Board of Directors and to the Independent Appeal Commission. Within this division, in 1991, was Legal Services, Appeal Commission Support, Research and Planning, Operational Audit and the Office of the Fair Practices Advocate. (In October, Human Resources became part of the Corporate Secretary Division and Operational Audit as well as Research and Planning reported directly to the Chief Executive Officer.)

Corporate Secretary

- The Corporate Secretary considered 16 cases for potential consideration by the Board of Directors as to whether to exercise its authority under Section 60.9 of the Act (which allows the Board to set aside a decision of an appeal panel due to a misapplication of the Act, regulations, or policy). Following legal review and further consultation, it was determined that four cases should proceed to the Board for consideration. Of the four, the Board exercised its authority twice.
- During 1991, the Corporate Secretary participated in two special projects; a comprehensive review by the Treasury Board of the funding arrangement between Workplace Safety and Health Branch (Department of Labour) and the WCB and a project to evaluate the silicosis survey program.
- The Corporate Secretary co-ordinates the Agenda and prepares and distributes the minutes on behalf of the Board of Directors and Policy Committee. In 1991 there were 24 such meetings in total.

Appeal Commission Registrar Office

- The waiting period to convene a Medical Review Panel was substantially reduced from an average of approximately 14 weeks to 10 weeks by year end. Similarly, the waiting period for an appeal dropped from an average of 15 weeks in January to 10 weeks by year end.
- A comprehensive training program was implemented for Appeal Commissioners to educate them on new or complex WCB policy, legislation, current issues in compensation and other topics relevant to the independent appeal tribunal.

NB: The Independent Appeal Commission, while supported administratively by the Corporate Secretary Division, is an entity which is separated, through legislation, from the Workers Compensation Board. For statistics related to the Appeal Commission, see page 19.

Corporate Secretary Division

A SPECIAL INVESTIGATIONS ADVISOR WAS HIRED TO STRENGTHEN INVESTIGATIONS INTO ABUSE OF THE COMPENSATION SYSTEM.

Research & Planning

- The Corporate Secretary and Research and Planning Branch provided extensive support to the analysis and development of proposals by the Steering Committee on Legislative Reform and to the Board of Directors and Policy Committee in their consideration of the proposals.
- The Research and Planning Branch worked with divisional staff to develop and prepare policies necessitated by Bill 59 for consideration by the Board. The WCB's first policy manual for external use was also published and distributed.
- This branch also worked with the Finance Division to develop the financial forecasting model and provide support for the planning and budgeting process.

Legal Services

This branch is responsible for the management of the WCB's legal affairs which includes providing advice to the administration, Board of Directors and the Appeal Commission as well as managing external legal affairs such as third party claims.

- The Legal Services Branch improved the process for identifying third party claims and as such was able to recover more than $1 million from third parties. Of this recovery, $458,000 was paid directly to workers with claims. Much of this recovery was made possible through the addition of a legal services officer who expanded and accelerated the review of these claims.
- Legal Services provided representation to the Ad Hoc Committee struck to examine and make recommendations to the interjurisdictional agreement that exists between Canada's 12 workers compensation boards.
- A special investigations advisor was hired to strengthen investigations into abuse of the compensation system. Reported abuses may include employers failing to report injuries, fraudulent claims, or improper billing for medical services.
- A number of regulations were developed as required by both Bill 59 and separate imperative which included:
  - interest, penalties and financial matters regulation
  - self insured employers regulation
  - Appeal Commission regulation

Corporate Secretary Division

Fair Practices Advocate

The Fair Practices Advocate investigated over 1,000 concerns from workers and employers in 1992. The concerns ranged from basic misunderstandings to questions regarding whether the Act was fairly applied. The Fair Practices Advocate sought resolution to these concerns either by clarifying misinformation, informing the respective division (or staff member) of the problem or raising recurring issues with senior management and the Chief Executive Officer. The Fair Practices Advocate remains impartial throughout all investigations and makes recommendations for change where necessary.

Operational Audit

- An operational auditor was recruited to help identify problem areas and determine ways to use staff and resources more efficiently. Several program improvements were made in Medical Aid, the Registrar's Office, and Healthcare Management Services.

The Research and Planning Branch worked with divisional staff to develop and prepare policies necessitated by Bill 59 for consideration by the Board.

INFORMATION SERVICES DIVISION

TECHNOLOGY HAS REVOLUTIONIZED THE WAY THE WORKERS COMPENSATION BOARD DOES BUSINESS. MANY OF THE TECHNOLOGICAL ADVANCEMENTS THE BOARD BOASTS OF TODAY HAVE ONLY BEEN INSTALLED DURING THE PAST FOUR YEARS.

Then...

In 1916, statistical data were gathered and recorded in longhand on ledgers. The latest in technology was largely represented by the presence of the telephone. Technical staff consisted of a statistician, bookkeeper, and filing clerk. Preventing accidents was not as large a consideration as compensating for them and liaising with employers could be summed up in the following excerpt from the 1917 annual report:

"Though employers are required under the Act to send in their statements of employees' earnings without request, it was deemed advisable to notify them individually."

Now...

Technology has revolutionized the way the Workers Compensation Board does business. Many of the technological advancements the board boasts of today have only been installed during the past four years. From file storage and retrieval, to managing daily workloads, to collecting and reporting data, to comprehensive calculations, the Information Services Division has brought the WCB from the past to the present in a relatively short span of time.

Computer Services Application Development

- In 1991, office automation technology was introduced to almost half of the employees at the WCB. Staff in five different office locations are now connected to a system which includes electronic mail, personal and corporate scheduling, personal software tools (spreadsheets, wordprocessing) and access to corporate computer records.
- In order to more effectively manage workloads, adjudicators, payment assessors, supervisors and managers in the Benefits Division now have their workflow scheduled through the "Agenda" system which was installed by Computer Services in 1991. To enhance the agenda system, computer facilities were designed for an adjudicator "workbench" which will further assist adjudicators to manage claims workflow.
- Other internal systems support installed in 1991 include a management information system to monitor weekly and monthly performance and overall statistical status; system enhancements in the assessment branch and the design and implementation of a computer technological platform to provide for expanded computer services for the next ten years.
- The implementation of Bill 59 required major system enhancements in the areas of: 90% of net calculation and payment issuing processes, indexation of payments, financial reporting requirements, annuities, fatality and survivor benefits, occupational disease reporting; and, cost transfer provisions.
- Comprehensive, multi-year injury statistics were produced for individual employers, The Workplace Safety and Health Branch (Department of Labour), safety officers and other associations and organizations.

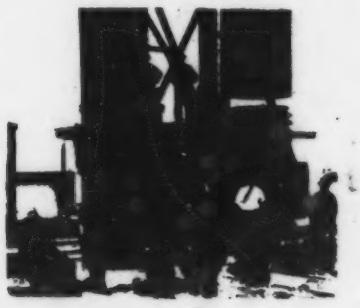
Information Services Division

THE MERIT / SURCHARGE PROGRAM, WHICH CAME INTO EFFECT IN 1992, WAS DESIGNED AND IMPLEMENTED BY THIS BRANCH IN 1991.

- A knowledge-based assessment system was developed and implemented (January, 1992) to bring computerized decision assist capacity to the processing of 20,000 employer payroll statements.
- The Appeal Commission was given online access to specific claims information to help speed the information gathering process when an appeal is made.
- Some employers were given online access to their accident information in order to track specific information regarding current claims related to payments, dates etc. (Confidential file information is not included and employers can not alter any data.) Employers using the system are also able to quickly check firm registration status before hiring subcontractors.
- In order to improve service, the assessment branch and records management areas extended their operating hours. Computer access time was also extended to meet these needs.
- With the increase of computer usage at the WCB, the computer helpline services were extended to provide oncall support to new network users.

Client Services

- The merit/surcharge program, which came into effect in 1992, was designed and implemented by this branch in 1991. This program targets large Manitoba firms - imposing a surcharge on those with a history of high injury experience and awarding a merit to those with safer workplaces. (Bill 59 made provision for this program within legislation).
- A safety resource guide was prepared with the assistance of the Communications Branch in 1991 for distribution in 1992. The guide explains the basics of a good safety program and lists a number of resources available, provincially and nationally, which can help firms develop or enhance a workplace safety and health program.
- Over 30 presentations and seminars were made to employers and employer associations regarding accident prevention and cost reduction.
- Through the Client Services Branch, financial incentives were provided to several



Making Cement Pipes for Greater Winnipeg Water District, 1918

INFORMATION SERVICES DIVISION

worthwhile initiatives in the area of injury or occupational disease reduction. (The granting of these awards must meet with Board approval.) Some of the projects funded include: an early intervention program for staff of the Seven Oaks Hospital; a comprehensive back injury/treatment program at the Health Sciences Centre; and the testing of a new device to assist with patient lifting at the Victoria General Hospital.

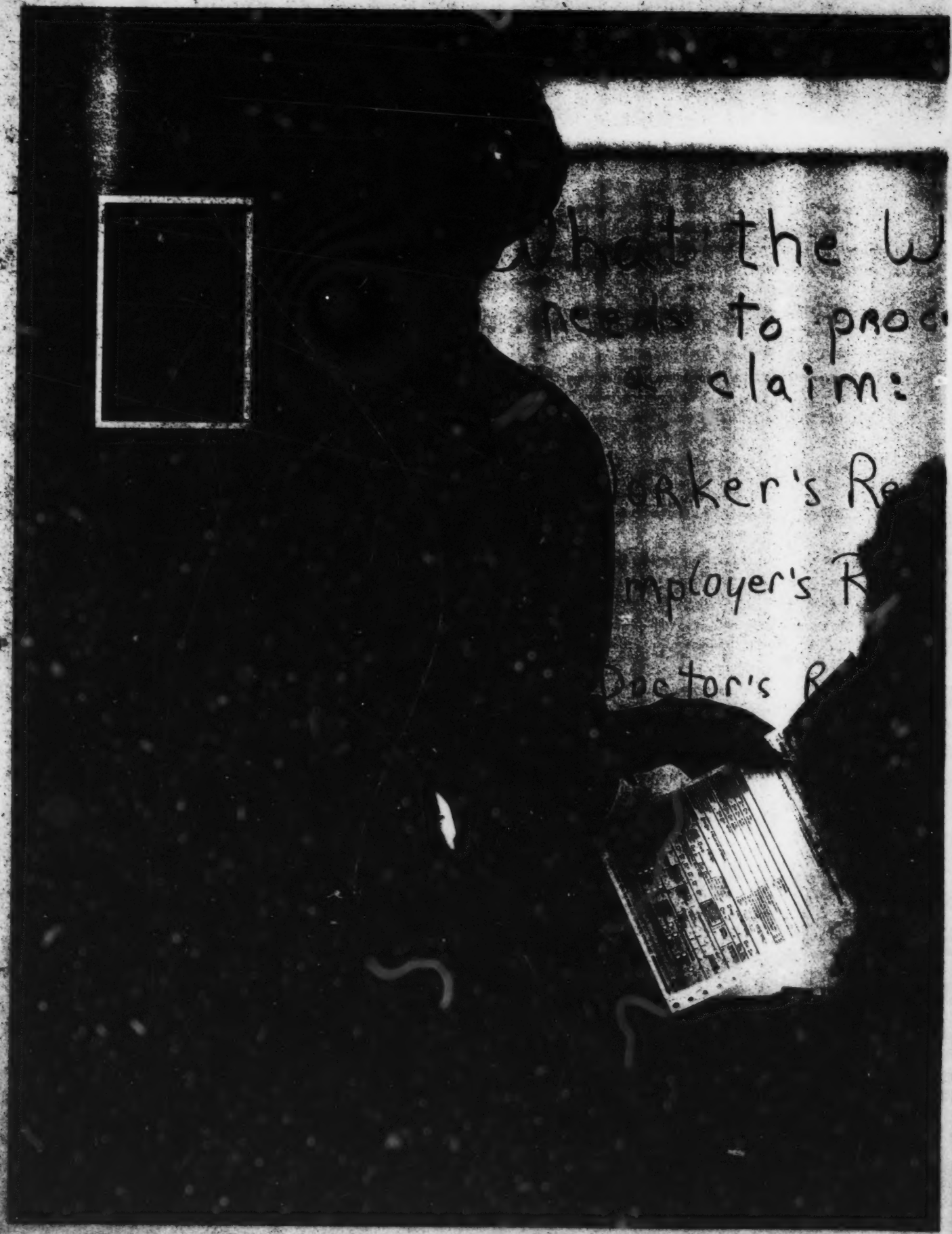
- The WCB is also involved in three safety officer programs with the Winnipeg Construction Association, Manitoba Heavy Construction Association and Prairie Implements Manufacturing Association.
- Comprehensive client profiles, which include multi-year injury statistics and records, were provided to over 1,000 employers in 1991. These profiles assist employers in targetting their safety initiatives in the areas most needed.

IN ORDER TO MORE EFFECTIVELY MANAGE WORKLOADS, ADJUDICATORS, PAYMENT ASSESSORS, SUPERVISORS AND MANAGERS IN THE BENEFITS DIVISION NOW HAVE THEIR WORKFLOW SCHEDULED THROUGH THE "AGENDA" SYSTEM WHICH WAS INSTALLED BY COMPUTER SERVICES IN 1991.

Records Management

In order to make decisions, pay, or implement vocational rehabilitation programs, WCB staff must have access to claim files. Timely and reliable delivery of these files is essential to the process.

- In 1991 , a new process was introduced to speed the delivery of files and correspondence that would complement the new agenda system. On average, over 95% of all files requested through the agenda system are delivered in a timely manner.
- A forms management process was also implemented to ensure input on forms development, changes and elimination from all divisions.
- In order for Benefits Division staff to have the files at the beginning of the work day, a process was developed (and negotiations finalized) to begin an evening shift for file movement and correspondence delivery.
- A study was completed regarding microphotography which will improve the current system of recording and retrieving inactive files - making it more cost-effective, environmentally responsible and efficient.


the W
to proc
claim:
Employer's R

Community Relations and Human Resources

Then...

In 1917, the WCB consisted of thirteen people – clerks, inspectors, bookkeepers and a medical officer. (Benefits were delivered through private insurance companies.) Training did not require a formal process and staff were not represented by a collective bargaining unit. Internal communications was as simple as turning around and calling someone's name. External communications was facilitated through letter writing, the occasional phone call and personal visits.

Now...

In a much more populated world which expects instant communication and places increased demands for information, consultation and accountability, the communications function has become an essential element of the WCB. Keeping the lines of communication open between the WCB and its stakeholders was identified in the 1989 comprehensive plans as being essential in order that:

"• the WCB mission and methods will be understood and accepted by stakeholders and society
• communication vehicles to and from stakeholders and society will be operational
• claimants and employers will understand and advocate for the system
• the WCB will be removed from the political arena; government will continue its role as arbitrator."

- The Manitoba Workers Compensation Board Comprehensive Plan 1989

In 1991, with staff at the WCB numbering over 350, the Human Resources function at the WCB has developed from non-existence in 1916 to a fully functioning branch able to meet personnel, training, staffing, labour relations and staff benefit plans needs.

Communications

- In response to the public's need to learn about the WCB and it's programs, the Communications Branch established and advertised the WCB Speaker's Bureau to coordinate speaking engagements by staff members from all divisions.
- Employers were offered the opportunity to learn more about the board and its programs and services through a series of employer seminars coordinated by the Communications Branch.
- A video to explain vocational rehabilitation to workers and employers was produced to complement the Benefits Division's Vocational/Rehabilitation Orientation Program. The video is also used by staff members when meeting with stakeholder and general interest groups.
- New printed material to target specific needs was produced, including the 1990 annual report and pamphlets explaining the average earnings policy and the experience rating system. Changes were made to existing pamphlets and brochures to reflect Bill 59 changes. (Two pamphlets, the Employer's Guide and What You Should Know Before completing this Form, won Apex '91 International awards of excellence.)
- Ongoing communication was provided to stakeholders through regular employer,

ONGOING COMMUNICATION WAS PROVIDED TO STAKEHOLDERS THROUGH REGULAR EMPLOYER, HEALTHCARE AND STAFF NEWSLETTERS AS WELL AS VARIOUS MEDIA RELEASES.

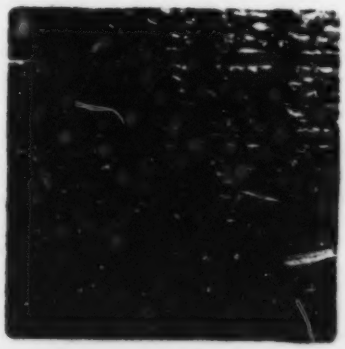
healthcare and staff newsletters as well as various media releases. A news conference announcing 1992 rates was organized by the Branch in December.

- The Branch supported numerous initiatives in other divisions which included communication (internally and externally) of case management initiatives, long term claims project, employer statements of workers earnings, independent contractor policy, employee recognition program, employment services and workplace safety campaigns. The Branch also helped research, develop and present information related to workplace-based disability management.
- A comprehensive client (workers with WCB claims) survey was initiated and coordinated by this Branch. An independent, outside research organization found that:
  - 85% of respondents agreed they were treated fairly by the WCB
  - Overall, the WCB was given a satisfaction rating of seven out of 10

  The survey was administered to clients who: no longer had claims with the WCB; had initiated claims with the WCB during the previous two years; continued to have interaction with the WCB during the previous two years; (although a claim may have been made prior to 1990); received pension payments; and were denied benefits.
- Bill 59 was communicated to stakeholders through "Bill 59 and You" (a pamphlet outlining the major changes to the Act), as well as Bill 59 presentations and seminars (which continue into 1992).

Human Resources

- An improved staffing process was implemented in 1991 to ensure a consistent approach and appropriate qualifications of selected applicants in compliance with the collective agreement. Improved controls of regular, term and temporary staff were also implemented.
- A performance management system was developed for out-of-scope staff which appraises performance on the basis of achievement of established goals. The system was implemented on a pilot basis in 1991 and is expected to be extended to all out-of-scope positions in 1992.
- Management training was strengthened through a series of workshops to develop necessary skills.



Community Relations and Human Resources

- The Human Resources Information System (HRIS) was implemented for data input to manage human resources information and liaison with the Finance Division to ensure timely payroll adjustments.
- The WCB initiated and co-sponsored an ergonomics seminar at the University of Winnipeg aimed at improving employer knowledge of safe work environments. This program is part of the WCB's ongoing commitment to accident prevention.
- For the first time in WCB history, long service was rewarded through the presentation of pins to employees with over ten years' service. The program was developed jointly by the Human Resources and Communications Branches.

IN A WORLD OF INSTANT COMMUNICATION, WITH INCREASING DEMANDS FOR INFORMATION, CONSULTATION AND ACCOUNTABILITY, THE COMMUNICATIONS FUNCTION HAS BECOME AN ESSENTIAL ELEMENT TO ORGANIZATIONS – ESPECIALLY THOSE INVOLVED IN TRANSITION OR CHANGE.

FINANCE AND ADMINISTRATION

THE COLLECTIONS UNIT WORKED COOPERATIVELY WITH EMPLOYERS TO ENSURE ACCOUNTS WERE PAID PROMPTLY.

Then...

In 1916, 2,210 assessments were levied against employers. It was the first year of the WCB's existence, therefore, establishing rates and collecting assessments was a fairly new process:

"It will be necessary to have officers cover the Province from time to time, who will gather information as to employers and industries, and secure their compliance with the requirements of the Act."

- Report of the Workman's Compensation Board, 1916

Now...

In 1991, approximately 20,000 statements were sent to Manitoba employers. It was the third year of a five-year phase-in plan for the experience rating system in Manitoba.

"Officers" (or auditors as they are now referred to), though larger in number, were still "covering the province" – only more regularly than "from time to time". In December, it was announced that average rates for class E employers would decline by 6% -the fourth consecutive year in which rates were held stable or reduced.

Building Services

- A number of physical changes were supervised by this branch including a complete reorganization of space to accommodate all benefits units on one floor, a reorganization of the mailroom and central photocopy area to accommodate new construction, renovation at Employment Services to create a resource centre, reorganization of enquiry, assessment and registry, and completed renovations for the installation of the LAN (Local Area Network) project in all buildings.
- The old entrance of the building at 333 Maryland was filled in to make room for an additional 300 square feet per floor of office space.
- The WCB's first purchasing policy and procedures manual was completed and put into place in the fall of 1991.

Investment Policy

- A formal investment policy was adopted by the Board of Directors which contains performance expectations to guide the committee in terms of yields and benchmarks for each category of asset class, as well as recommended percentage and dollar ranges for the asset classes. With lower inflation and interest rates expected in the short term, the policy empowers the WCB to respond to changing capital market conditions so as to be able to maintain high yield thereby keeping assessment rates competitive and for meeting the needs of current claims. In early 1992, implementation of the policy will begin with expansion of the support activities to sustain the more active treasury function that the policy envisages, including the use of computer-based five-year projections of asset mixes and yields to facilitate the transition to the new policy.

Financial Accounting and Reporting

The informational service provided to employers in "Other Classes" was expanded significantly to ensure they had a full understanding of Bill 59's ramifications. Finance

Finance and Administration

New software in support of the General Ledger system was implemented so that the department can deliver on its broader mandate for regular self insurer reporting, in addition to increased demands for reporting and analysis on key financial indicators.

staff "briefed" self insured employers and followed up with detail related to the deferral of collection for their respective unfunded liabilities.

Assessment Branch

- The Collection Unit decreased the number of outstanding accounts in 1991 compared to 1990, in spite of a sagging economy.
- The Audit Unit concentrated its efforts on the construction and trucking industries in 1991. This increased attention was in response to recent policies (such as the independent contractor policy) passed by the Board which significantly affect these industries. Audits were done throughout the province and, in some cases, outside the province for Manitoba-covered firms.
- The clearance system, whereby contractors may check a subtrade's status with the WCB before hiring or making payment, was further developed and extended on-line to the City of Winnipeg.
- The Research and Classification Unit implemented and communicated the interest provisions (provided for in Bill 56) on over and under assessments effective in 1991. Communicating this new legislation resulted in a considerable number of revised estimates during the year by employers to avoid penalties. The Unit also analyzed future alternative payment systems for the Assessment Branch and was heavily involved in the rate-setting process.
- In conjunction with the Information Servicess Division, an electronic assessing system was developed. This system allows for more accurate, consistent processing, extensive clerical and logic checks, and the incorporation of user-friendly software which can be easily modified for changes in succeeding years.

Assessment Committee Statistics
1991

	Approvals	Partial Approvals	Rejections	Referred to Appeals Panel	Total
Reinstatement of Special Coverages	64	0	2	0	66
Employee Status	44	33	70	27	174
Late Payment Penalties	17	1	13	1	32
Individual Liability	5	2	0	0	7
Non-Reporting	4	0	0	0	4
Late Filing	109	317	43	8	477
Classification	20	5	26	14	65
Total	263	358	154	50	825
Percentage Breakdown	32%	43%	19%	6%	100%

- The Assessment Committee received an increased number of appeals in 1991 compared to 1990. The increase in appeals is largely attributed to the imposition (for the first time) of a penalty for late or non-filing of the annual employer's statement of workers' earnings.
- A new Assessment Sub-Unit, which was piloted in 1990, was firmly established in 1991. The sub-unit, which is an arm of the Employer Services Unit, provides greater accessibility for Benefits Division staff to Assessment Branch services. The aim is to reduce delays where assessment issues must be resolved before a claim can be adjudicated. The sub-unit also identifies firms which are not registered with the WCB but should be.

FINANCIAL REPORT 1991

The accompanying financial statements, and other financial information in the Annual Report, are the responsibility of management and have been approved by the Board. The accompanying financial statements were prepared by management in accordance with the accounting principles set out in Note 2 to the financial statements and of necessity, include certain amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

Management has established and maintained systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

The operational audit department performs audits of the Board's operations and reports on the adequacy of the systems of internal control.

The external auditors, Peat Marwick Thorne, have performed an independent examination of the financial statements of the Board in accordance with generally accepted auditing standards.

William M. Mercer Limited, the Board's independent consulting actuaries, have reported on the valuation of the Board's actuarial liabilities.

LORNE A. McMILLAN, C.A.
Executive Director of Finance and Administration

GRAHAM F.J. LANE, C.A.
Chief Executive Officer

AUDITORS' REPORT

To The Workers Compensation Board of Manitoba:

We have audited the balance sheet (being Exhibit I) of The Workers Compensation Board of Manitoba as at December 31, 1991 and the accompanying financial statements (being Exhibits II to V) for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne

Chartered Accountants
Winnipeg, Canada
March 27, 1992

EXHIBIT I
BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 1991 WITH COMPARATIVE FIGURES FOR 1990 (000's)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Assets:	**1991**	**1990**
Receivables *(Note 3)*	$ 6,983	$ 2,851
Investments *(Note 4)*	240,033	223,694
Short-term deposits *(Note 5)*	116,829	104,626
Deferred assessments *(Note 9)*	24,876	39,374
Fixed assets *(Note 6)*	5,554	4,320
Deferred costs *(Note 7)*	1,046	0
Total	**$395,321**	**$374,865**
Liabilities and Reserves:		
Accounts payable and accrued liabilities	$ 2,441	$ 3,275
Deferred revenue	244	251
	2,685	3,526
Provisions for future payments:		
Pension obligations (Note 8)	252,930	295,485
Future cost of existing claims	228,864	223,319
	481,794	518,804
Total liabilities	484,479	522,330
Disaster Reserve	13,815	12,463
Unfunded liabilities	(102,973)	(159,928)
Total	**$395,321**	**$374,865**

Approved on behalf of the Board:

Chairperson

Director

EXHIBIT II
STATEMENT OF OPERATIONS AND UNFUNDED LIABILITY - CLASS E

FOR THE YEAR ENDED DECEMBER 31, 1991 WITH COMPARATIVE FIGURES FOR 1990 (000's)

	1991	1990
Assessment revenue	$125,140	$125,903
Investment Income	35,770	35,379
Total Revenue	160,910	161,282
Compensation expenditures:		
Compensation paid	45,589	48,146
Capitalized pensions	14,754	17,041
Program administration	6,014	5,115
	66,357	70,302
Rehabilitation expenditures:		
Compensation paid	17,585	14,311
External services	1,436	892
Program administration	1,862	1,753
	20,883	16,956
Medical Aid expenditures:		
External professionals	13,224	12,428
Supplies	2,642	2,429
Program administration	657	531
	16,523	15,388
Total program expenditures	103,763	102,646
Future cost provision	39,953	39,072
Workplace Safety & Health Act and Worker Advisor expenditures *(Note 10)*	3,910	3,806
Administration expenditures	10,752	8,873
Total expenditures	158,378	154,397
Decrease in unfunded liability before the undernoted	2,532	6,885
Reduction of pension obligations *(Note 8)*	54,310	14,961
Decrease in unfunded liability, current year	56,842	21,846
Unfunded liability, beginning of year, as restated *(Note 8)*	(158,463)	(178,976)
Transfer to disaster reserve	(1,352)	(1,333)
Unfunded liability, end of year *(note 11)*	($102,973)	($158,463)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

EXHIBIT III
STATEMENT OF OPERATIONS AND UNFUNDED LIABILITY - OTHER CLASSES

FOR THE YEAR ENDED DECEMBER 31, 1991 WITH COMPARATIVE FIGURES FOR 1990 (000's)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

	1991	1990
Assessment revenue	$15,019	$13,651
Compensation expenditures:		
Compensation paid	3,018	3,169
Capitalized pensions	1,286	3,009
Program administration	737	689
	5,041	6,867
Rehabilitation expenditures:		
Compensation paid	1,151	878
External services	96	31
Program administration	228	237
	1,475	1,146
Medical Aid expenditures:		
External professionals	1,694	1,816
Supplies	506	492
Program administration	81	72
	2,281	2,380
Total program expenditures	8,797	10,393
Future cost provision	(3,829)	5,929
Workplace Safety & Health Act and Worker Advisor expenditures *(Note 10)*	343	364
Administration expenditures	1,456	1,346
Total expenditures	6,767	18,032
Decrease (increase) in unfunded liability before the undernoted	8,252	(4,381)
Reduction of pension obligations *(note 8)*	7,711	0
(Decrease) increase in deferred assessments *(Note 9)*	(14,498)	3,941
Decrease (increase) in unfunded liability, current year	1,465	(440)
Unfunded liability, beginning of year, as restated *(Note 9)*	(1,465)	(1,025)
Unfunded liability, end of year	$0	($1,465)

EXHIBIT IV
STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1991 WITH COMPARATIVE FIGURES FOR 1990 (000's)

	1991	1990
Operating activities:		
Decrease in unfunded liabilities	$ 58,307	$ 21,406
Add (deduct): items not requiring an outlay of cash:		
Reduction of pension obligations	(62,020)	(14,961)
Deferred assessments, net of pension amendments collected	14,498	(3,941)
Pension awards	16,060	20,183
Provision for future costs	36,124	45,001
Depreciation	999	504
Amortization of discount	(243)	(337)
Amortization of unrealized gains on real estate	(1,490)	0
Loss on disposal of investments	0	42
Payments from the provision for pension obligations	(27,174)	(27,983)
Net change in non-cash balances relating to operations:		
Receivables	(4,132)	(654)
Accounts payable and accrued liabilties	(834)	125
Deferred revenue	(7)	(80)
Cash provided by operations	30,088	39,305
Investment activities:		
Proceeds on maturity of investments	18,067	11,701
Purchase of investments	(33,133)	(21,203)
Change in accrued interest on investments	460	(221)
Cash applied to investment activities	(14,606)	(9,723)
Additions to fixed assets	(2,233)	(2,930)
Deferred costs	(1,046)	0
Increase in short-term deposits during the year	12,203	26,652
Short-term deposits, beginning of year	104,626	77,974
Short-term deposits, end of year	$116,829	$104,626

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

EXHIBIT V
ADMINISTRATION EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1991 WITH COMPARATIVE FIGURES FOR 1990 (000's)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

	1991	1990
Administration expenses:		
Staff and service costs	$15,683	$13,143
Data Processing	1,976	1,735
Supplies and services	724	666
Communications	1,289	1,255
Building operations	891	965
Depreciation	1,047	543
Professional Fees	1,237	1,350
Grants	129	35
	22,976	19,692
Recoveries:		
The Government of Canada for administering its employees' compensation program	979	908
The Government of the Province of Manitoba for administering The Criminal Injuries Compensation Act	210	168
Total recoveries	1,189	1,076
Total administration expenses allocated to Classes *(Note 12)*	$21,787	$18,616

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1991 WITH COMPARATIVE FIGURES FOR 1990 (000's)

NOTE 1. AUTHORITY AND OPERATIONS

The Workers Compensation Board (the Board) operates under the authority of The Workers Compensation Act, Statutes of Manitoba (the Act).

The operations of the Board are categorized in accordance with the Act, into Class E (General Employers Pool) and Other Classes. Employers registered within Class E are subject to collective liability; employers within Other Classes are subject to individual responsibility for allocated program costs attributable to claims arising from their employees. Pursuant to the Act, individual employers within Other Classes are assessed, annually, for current and future costs attibutable to them. Liabilities arising out of their claims are fully provided for in the financial statements. Unfunded liabilities represent the estimated present value of all Class E program liabilities that have yet to be assessed against individual Class E employers.

The Board's operations and related financial position were significantly affected by the passage of Bill 59, the Workers Compensation Amendment and Consequential Amendments Act (Bill 59), which was assented to July 26, 1991.

Bill 59, in summary, provides for a dual-award system of compensation for accidents that take place after 1991 through a segregation of wage loss compensation from permanent partial impairment awards. For accidents incurred on or after January 1, 1992, no permanent pension awards are available having been replaced by lump sum awards. This substantially reduces, in future, the costs of fluctuations in actual, compared to reported, program pension obligations. Automatic indexation of certain benefits and wage loss entitlements related to after tax income of beneficiaries have also been provided for in Bill 59. Bill 59 also provided for the attribution of the unfunded liabilities of Other Classes to individual employers either listed in a regulation or the statute.

In summary, though much of Bill 59's effect is prospectively applied to claims, certain of its provisions caused changes in accounting estimates to be necessary in the current annual valuation of the Board's pension liabilities. Specifically, Bill 59 provides that pensions awarded as a result of permanent disabilities are not to be indexed from the date of the beneficiary's 65th birthday. Secondly, Bill 59 set out legislated indexation of benefit rules that superceded the previous practice of biennial ad hoc legislative amendments. This caused a re-evaluation of the liability required to meet future payments related to program pension obligations.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) INVESTMENTS

i) ***Bonds, Debentures and Mortgages***

Bonds, debentures and mortgages are recorded at cost at the time of acquisition. Discounts or premiums are amortized on a straight-line basis over the remaining term to maturity of the investment. The amortized cost of mortgages is reduced by principal repayments during the year. The estimated market value of these investments has not been disclosed as the general policy of the Board is to hold these investments until their maturity.

ii) ***Real Estate***

Real estate investments are recorded at cost adjusted towards market value using the moving average market method. Unrealized and realized gains and losses are deferred and amortized on a straight-line basis over a five year period.

iii) ***Equities***

Equities consist of Canadian common stocks acquired through private placements during the year and are recorded at cost.

iv) ***Investment Income***

Investment income is allocated to the Class E and Other Classes funds, and to the individual provisions for future payments, based on the actual monthly balances of each fund.

(b) DEFERRED ASSESSMENTS

Deferred assessments represent the Board's estimate of amounts which will be received in the future from the Other Classes to fund the future program costs of existing claims that have arisen from their employees. The estimated liability for these program costs has been recorded in these financial statements. The deferred assessments are secured by irrevocable letters of credit or other suitable forms of guarantee.

(c) FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation. The buildings are being depreciated over thirty years, pursuant to Section 94(15) of The Workers Compensation Act. All other assets are being depreciated on a straight-line basis over their estimated useful lives, as follows:

Building renovations	10 years
Furniture, fixtures and equipment	5 years
Leasehold improvements	5 years

(d) DEFERRED COSTS

Deferred costs consist of Bill 59 implementation expenses. The financial consequences of Bill 59 will be experienced, on an operating basis, in 1992 and subsequent years, and the Bill is forecast, in aggregate, to reduce program cost pressures. These costs will be amortized on a straight-line basis over three years, commencing in 1992.

(e) PROVISIONS FOR FUTURE PAYMENTS

i) ***Pension Obligations***

Capitalized values of pensions awarded are credited to the pension obligations provision which is then charged with pensions paid. The capitalized

values are calculated using discount rates which provide for the estimated cost of biennial indexation as legislated under Bill 59. Pension payments to workers are indexed until age 65; pension payments to other recipients are indexed until death. The applicable discount rates are:

- Workers - 4% to age 65, 7% thereafter
- Other recipients - 4%

In the current year the Board re-evaluated and adjusted its estimated program pension liabilities (note 8). In future years, the Board intends to re-evaluate and adjust the program pension liability annually, based on actuarial advice.

ii) *Future Cost of Existing Claims*

This provision is the estimated amount required to meet the future cost of compensation, rehabilitation, medical aid, pension awards and administration of claims incurred prior to December 31, 1991 for all employer classes. Included in this is provision for the future cost of second injuries, which is designed for workers in Class E suffering further disabilities due to pre-existing conditions or disabilities arising from the work place.

An independent actuarial review completed March 5, 1992 confirmed the adequacy of the December 31, 1991 provision.

(f) DISASTER RESERVE

The Disaster Reserve is a reserve to recognize costs that could arise from a disaster or extraordinary circumstance which the Board considers could unfairly burden certain employers of Class E. The Disaster Reserve was initially established by the Board in 1988 as a transfer from the Class E accumulated unfunded liability. Amounts transferred to this reserve were $1,351,584 in 1991 and $1,332,992 in 1990, representing the reserve's notional share of annual investment income.

(g) ASSESSMENT REVENUE

i) *Class E Employers*

Assessment revenue is determined on the basis of estimated payrolls for the current year as reported by employers and the applicable industry assessment rate. Assessment revenue includes revisions to 1990 assessments based on actual payrolls for 1990 as reported by employers, and a provision for estimated revisions to 1991 assessments based on actual payrolls for 1991.

ii) *Other Classes Employers*

Assessment revenue represents the cost recovery by the Board for program and administration expenditures made on behalf of the Other Classes.

(h) EMPLOYEE PENSION PLAN

i) The Employee Pension Plan was last valued at January 1, 1989. As at December 31, 1991, based on a projection using the 1989 methodology and assumptions, the plan's actuarial liabilities are estimated to be $11,306,000.

FOR THE YEAR ENDED DECEMBER 31, 1991 WITH COMPARATIVE FIGURES FOR 1990 (000's)

The December 31st, 1991 market value of the plan's assets is $13,538,000. The next actuarial review, effective January 1, 1992, will be completed during 1992.

ii) An agreement between the Province of Manitoba and The Workers Compensation Board of Manitoba allowed certain employees to remain in the Civil Service Superannuation Fund instead of the Employee Pension Plan. The Board has provided for this estimated liability in its accounts.

(i) ADMINISTRATION EXPENSES AND OTHER CHARGES

i) These expenses, net of recoveries, are allocated proportionately to the Class E and Other Classes funds based upon the current year's benefits payments of each class.

ii) The Board administers The Criminal Injuries Compensation Act for the Government of the Province of Manitoba and the employee compensation program of the Government of Canada. The operations of these administered programs are reflected only to the extent of the recoveries.

NOTE 3. RECEIVABLES

	1991	1990
Assessments billed and outstanding	$ 2,789	$ 3,225
LESS: Allowance for doubtful accounts	1,450	1,464
Assessments receivable	1,339	1,761
Other Classes receivable	2,850	—
Advance – Workplace Safety and Health	957	—
Advance – Worker Advisor	111	—
Sundry accounts receivable	641	497
Recoverable from the Government of Canada	1,085	593
	$ 6,983	$ 2,851

NOTE 4. INVESTMENTS

	1991	1990
Bonds and Debentures issued or guaranteed by the following:		
Province of Manitoba	$ 76,365	$ 74,692
Government of Canada	11,260	11,743
Corporations	44,796	43,005
Hospitals	5,657	6,094
Municipal Corporations	3,670	4,890
Provincial Governments	13,116	15,120
	154,864	155,544

NOTE 4. INVESTMENTS (continued)

Mortgages, National Housing Act (Canada):		
Conventional	$ 45,825	$ 44,061
Index-Linked	16,784	6,560
Real Estate	13,519	12,028
Equities	4,000	—
Accrued Interest	5,041	5,501
	$ 240,033	$ 223,694
Average remaining term to maturity:		
Bonds and debentures	6 years	6 years
Conventional mortgages	4 years	5 years
Index-linked mortgages	32 years	33 years
Average interest rate earned:		
Bonds and debentures	10.17%	10.30%
Mortgages	11.00%	11.45%
Appraised value – real estate	$14.4 million	$14.8 million

NOTE 5. SHORT-TERM DEPOSITS

Short-term deposits consist of the following:

	1991	1990
Short-term deposits with the Province of Manitoba	$ 118,237	$ 105,594
Bank Overdraft	(1,408)	(968)
	$ 116,829	$ 104,626
Average interest rate earned	9.17%	12.82%

NOTE 6. FIXED ASSETS

Fixed assets consist of the following:

	Cost	Accumulated Depreciation	1991 Net Book Value	1990 Net Book Value
Buildings	$2,638	$1,172	$1,466	$1,552
Furniture, Fixtures and Equipment	3,436	1,112	2,324	1,115
Leasehold Improvements	676	163	513	555
Renovations	1,504	253	1,251	1,098
	$8,254	$2,700	$5,554	$4,320

Furniture, fixtures and equipment includes $187,275 (1990 - nil) of computer equipment costs related to the implementation of Bill 59.

FOR THE YEAR ENDED DECEMBER 31, 1991 WITH COMPARATIVE FIGURES FOR 1990 (000's)

NOTE 7. DEFERRED COSTS

During the year, the Board incurred $1,046,254 of external consulting and information systems development costs related to the implementation of Bill 59. Amortization will commence in 1992.

NOTE 8. REDUCTION OF PENSION OBLIGATIONS

During the year, the provision for pension obligations was reduced by $62,020,104 as follows:

	Class E	Other Classes	Total
Actuarial experience	$16,403,933	—	$16,403,933
Legislative changes	37,905,555	7,710,616	45,616,171
	$54,309,488	$ 7,710,616	$62,020,104

(i) An actuarial pension experience study completed in March, 1992 confirmed the existence of excess provisions for pension obligations that had developed since 1988, in the amount of $41,321,617.

This provision has been adjusted and the portion attributable to 1991 and included in the statement of operations is $16,403,933 (1990 – $14,961,241). The portion attributable to years prior to 1990 is $9,956,441 and has been recorded as an adjustment to the unfunded liability as at December 31, 1989 which has been restated to $178,977,369 from $188,933,810 as previously reported.

(ii) The legislative changes amount of $45,616,171 relates to the transitional provisions of Bill 59, the Workers Compensation Amendment and Consequential Amendments Act, which was assented to July 26, 1991. Bill 59 legislates that the indexation of pension payments to workers in respect of pre-1992 accidents, ceases at age 65. The Board had previously estimated its liability for pensions on the assumption pensions would be indexed on an ad hoc basis through legislative amendments, for the remaining lifetimes of workers.

The Board made an estimate of its liability in respect of pensions awarded as at July 31, 1991 to detemine the actuarial impact of this legislative change. This estimate was made using discount rates provided by the Board's independent consulting actuaries. These discount rates are:

- workers – 4% to age 65, 7% thereafter
- widows – 4%
- orphans and children – 4%

As at July 31, 1991, the Board computed a reduction of $45,616,171 in the provision for pension obligations, due to this legislative change. Class E's share of this decrease totalled $37,905,555 and the Other Classes' share totalled $7,710,616.

9. DEFERRED ASSESSMENTS

In prior years, the Board did not record the estimated amounts to be received in future

years from the Other Classes (self-insurers) to fund the program costs of existing claims that have arisen from their employees. The estimated liabilities for these program costs were however previously recorded in these financial statements.

Bill 59 clarified responsibility for these costs and required adequate security or guarantees be obtained to ensure the collectibility of these funds. As a result, the Board made the decision to record deferred assessments to reflect an estimate of the amounts to be received in future years from the Other Classes. A significant portion of these amounts relate to prior years costs, and accordingly they have been recorded on a retroactive basis.

Deferred assessments were recorded in the statement of operations in the amount of a $14,497,654 reduction for 1991 and a $3,941,751 increase for 1990. Deferred assessments related to years prior to 1990 totalling $35,432,134 were recorded as an adjustment to the unfunded liability as at December 31, 1989, reducing it to $1,025,820.

NOTE 10. OTHER CHARGES

Pursuant to The Workplace Safety and Health Act, the Province may pay the expenses incurred in the administration of that Act out of the Consolidated Fund and may, subsequently, recover such portion as it may determine from the class funds under The Workers Compensation Act. For 1991, the amount charged to operations under this provision was $3,802,047 (1990 – $3,629,967).

Also, under Section 108(3) of The Workers Compensation Act, the Province may pay the costs incurred in respect to Worker Advisors and may recover them from the class funds. For 1991, the amount charged to operations under this provision was $450,738 (1990 - $492,989).

NOTE 11. UNFUNDED LIABILITY

The December 31, 1991 unfunded liability of $102,973,737 is collectively attributable to the Class E employers and is a result of the Board's past assessment practices not being in compliance with the Act. Class E employers are assessed on the basis of their estimated payrolls for the current year and the applicable industry assessment rate. Past assessment rate increases have not been sufficient to fund the required program liabilities which are fully provided for in these financial statements, although total annual expenditures have been fully recovered since 1988. Bill 59 requires any future annual assessment deficiencies to be fully recovered within three years.

NOTE 12. ADMINISTRATION EXPENDITURES

Certain administration expenses that directly relate to the three program components of the Board's operations; Compensation, Rehabilitation and Medical Aid, are presented as part of the cost of the program component. The expenses included here are direct staff and benefit costs, professional development, building occupancy, travel,

supplies, direct equipment and professional services and have been allocated to the Classes as follows:

	Class E	Other Classes	Total 1991	Total 1990
Program Administration:				
Compensation	$ 6,014	$ 737	$ 6,751	$ 5,804
Rehabilitation	1,862	228	2,090	1,990
Medical Aid	657	81	738	603
Other Administration Expenses	10,752	1,456	12,208	10,219
Total Allocated	$19,285	$ 2,502	$21,787	$18,616

NOTE 13. RELATED PARTY TRANSACTIONS

In addition to related party transactions which have been individually disclosed, these financial statements also include amounts arising from routine operating transactions with various Government of Manitoba controlled departments, agencies and corporations with which the Board is related. Account balances arising from these transactions are included in these financial statements.

NOTE 14. COMMITMENTS

(i) As at December 31, 1991, the Board has an aggregate future lease commitment of $1,139,559 in respect of leased facilities, as follows:

1992	$ 196,541
1993	167,739
1994	124,441
1995	135,894
1996	135,894
	760,509
Other Years	379,050
TOTAL	$1,139,559

(ii) The Board is committed to future minimum annual payments of approximately $1,266,000 in respect of a data processing services agreement which expires January 1, 1995.

NOTE 15. COMPARATIVE FIGURES

(i) At December 31, 1990, the Class E future cost provision included provisions for the future cost of second injuries and rehabilitation benefits. At December 31, 1991, these provisions are included in compensation, rehabilitation and medical aid

expenditures as reported in the statement of operations. For comparative purposes, the related December 31, 1990 comparative figures have been reclassified as follows:

	As Previously Reported	Reclassification	As Reclassified
Compensation expenditures:			
Compensation paid	$ 45,778	$ 2,368	$ 48,146
Capitalized pensions	16,114	927	17,041
Rehabilitation expenditures:			
Compensation paid	11,125	3,186	14,311
External services	693	199	892
Medical aid expenditures:			
External professionals	11,769	659	12,428
Supplies	2,348	81	2,429
	$ 87,827	$ 7,420	$ 95,247
Future cost provision	$ 46,233	$(7,161)	$ 39,072

The reclassification amount of $7,420 includes a sundry reclassification of $259 in addition to the future cost provision.

(ii) Certain of the other 1990 comparative figures have been reclassified to conform to the current year's financial statement presentation.